



FEDERAL REGISTER

Vol. 91

Friday,

No. 171

September 4, 2026

Pages 56741–57062

OFFICE OF THE FEDERAL REGISTER



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DEPARTMENT OF AGRICULTURE

Farm Service Agency

7 CFR Parts 761, 762, 763, 764, 765, 766, 767, 768, 770, 772, 773, 774

[Docket No. FSA–2026–0463]

RIN 0560–AI89

Driving Efficiency in Farm Loan Delivery

AGENCY: Farm Service Agency, USDA.

ACTION: Final rule.

SUMMARY: The Farm Service Agency (FSA) is amending the Farm Loan Program (FLP) regulations to permanently implement the Application Fast Track (AFT) process, which expedites underwriting for certain direct loan applicants by using financial benchmarks and historical repayment data to identify applicants least likely to default. This rule also includes regulatory changes intended to improve program efficiency and support IT modernization efforts consisting of minor policy changes, clarifications, and technical corrections. These changes are part of FSA's ongoing effort to deliver farmer-focused programs in the most efficient and cost-effective manner possible.

DATES: *Effective date:* October 1, 2026.

FOR FURTHER INFORMATION CONTACT: Matthew Henderson; telephone: (202) 720–5847; email: matthew.henderson2@usda.gov. Individuals who require alternative means of communication should contact the USDA Target Center at (202) 720–2600 (voice and text telephone (TTY)) or dial 711 for Telecommunications Relay Service (both voice and text telephone users can initiate this call from any telephone).

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I. Background

FSA makes and services direct and guaranteed loans to farmers and

ranchers who are unable to obtain sufficient commercial credit at reasonable rates and terms. FSA also provides direct loan borrowers with credit counseling and supervision to help improve their financial management and increase their likelihood of success. FSA loan applicants typically include:

- Beginning farmers who do not yet meet commercial lenders' underwriting requirements; and
- Established farmers who have experienced financial setbacks due to natural disasters or other economic conditions.

FSA loans are tailored to meet the specific needs of farmers and may be used to purchase personal property, acquire farmland, finance agricultural production, or address other operational needs. The Consolidated Farm and Rural Development Act (CONACT, Pub. L. 87–128, as amended; 7 U.S.C. 1921–2009cc–18) provides the authority for most FLP loans, including farm ownership (FO), operating (OL), and emergency (EM) loans.

In August 2023, FSA launched the AFT pilot program to provide expedited loan processing for low-risk direct loan applicants (88 FR 51260–51265). FSA extended the pilot on September 30, 2024 (89 FR 79504), and again on December 31, 2025 (90 FR 61362). AFT offers an alternative underwriting process for applicants who meet specified financial benchmarks and have a favorable repayment history, enabling accelerated application processing. The pilot initially operated in 166 service centers and was subsequently expanded; AFT has been available to all qualifying customers nationwide since January 1, 2024. The AFT pilot has substantially improved processing times for all customers without any notable impact on portfolio performance or loan repayment. During the pilot period from August 2023 through the present time, an average of 23 percent of direct loan customers qualified for AFT, and application processing time for those customers decreased by approximately 8 calendar days. These efficiencies translate into an estimated annual savings of 58,000 staff hours, allowing staff to devote additional time to assisting other applicants.

This rule permanently implements AFT and makes other regulatory

changes as part of FSA's ongoing efforts to improve the timeliness and efficiency of program delivery. This action represents a step in FSA's broader initiative to deliver assistance to farmers and ranchers more efficiently.

This rule also facilitates IT modernization efforts for guaranteed loans and makes other regulatory changes to reduce administrative burdens, improve program access, and enhance overall program efficiency. The regulatory changes are organized into two groups: (1) minor policy changes; and (2) clarifications and technical corrections. Each group includes changes that apply only to direct loans, only to guaranteed loans, or to both direct and guaranteed loans.

Most of the regulatory changes in this rule do not substantially alter existing policy and are anticipated to affect a relatively small number of farmers. However, some changes are more substantial and will affect many direct and guaranteed loan customers. These changes include provisions that grant delegated authority to certain guaranteed lenders, clarify direct loan collateral valuation policies, and facilitate improvements to loan servicing processes. The delegated authority provisions streamline the process for preferred lenders—who are the most experienced and highest-performing participants in the guaranteed loan program—to obtain an FSA loan guarantee. The clarifications to collateral valuation for direct loans ensure that FSA loans remain adequately secured while reducing the time required to close loans. The loan servicing updates ensure that flexibilities related to direct loan collateral subordinations (subordination allows another lender to be paid before the Government in the event of liquidation) remain available to producers who fully comply with their loan agreements, while still protecting the Government's security interest.

The CONACT requires that all FLP applicants and loans meet specified eligibility, security, and feasibility requirements. This rule ensures that FLP regulations remain aligned with the CONACT while reflecting producer needs and modernizing underwriting standards. Although many of the changes in this rule are technical corrections or clarifications, this rule also includes minor FLP policy updates that respond to customer needs and incorporate modernized processes that more closely align with commercial agricultural lending practices.

Throughout this rule, any reference to "farm" or "farmer" also includes "ranch" or "rancher," respectively.

II. AFT Implementation

FSA developed and piloted AFT, which uses data analytics to improve loan-making efficiencies. AFT uses a hybrid approach modeled after scoring tools used by commercial lenders and is designed to improve processing times for applicants who demonstrate low expected default risk based on specific financial benchmarking criteria and favorable repayment history.

To develop AFT, FSA analyzed hundreds of financial variables associated with over 100,000 direct loans to identify the common characteristics of borrowers with strong repayment histories. A streamlined approach was developed to determine which financial variables are most consistently associated with borrowers who exhibit strong repayment performance, while remaining consistent with FSA's business process constraints. These financial variables were used to develop a statistical regression model and a scoring tool to identify applicants with the highest probability of successful loan repayment. The model identified 24 percent of all direct loan applicants as eligible for AFT.

The AFT scoring tool does not use projected cash flow data. For applicants who meet or exceed the minimum AFT scoring threshold, the scoring tool provides sufficient assurance of the applicant's ability to repay. All applicants must still submit a cash flow budget. However, for those applicants later approved through the AFT process, FSA staff are not required to conduct the traditional manual verification of projected income and expenses associated with conventional projected cash flow analysis.

The absence of a cash flow analysis by FSA requires loans approved through AFT to have equally amortized installments after the first year, as a detailed cash flow analysis would otherwise be necessary to justify additional unequal installments. Loans approved through AFT are also limited to FSA's standard interest rates for the respective loan program, including the joint financing rates as provided in 7 CFR 764.154(a)(3), and are not eligible for further subsidized, limited resource interest rates. Since AFT is designed for the highest-performing borrowers, these standard rates and terms generally provide sufficient opportunity to build an adequate equity base. However, borrowers who believe they need additional unequal installments or limited resource interest rates may opt out of having their request processed

through AFT, which makes those flexible options available to them.

This rule incorporates AFT into FSA's regulations, ensuring that FSA can continue offering this type of alternative underwriting process to applicants who meet established financial benchmarks. The types of loan transactions eligible for AFT are specified in 7 CFR 764.401 and include all loan transactions other than EM, youth loans (YL), and loans made in conjunction with other servicing actions. Formalizing AFT through regulation will not affect application submission requirements, eligibility requirements, authorized loan purposes, or security requirements for direct loan applicants.

III. IT Modernization

USDA is modernizing the IT systems that support FLP to expedite loan delivery. This multi-year effort will begin with the guaranteed loan program and later extend to all FLP loans. The modernized system will enable electronic submission of loan applications and supporting documents, replacing the Agency's largely paper-based process, and will support electronic delivery of lender notifications and other materials that have traditionally required manual processing.

This rule makes several changes to support implementation of the modernized IT system for guaranteed loans, including clarifying that applications may be submitted electronically or by paper. It also specifies that lender notifications issued during application intake may be provided electronically or in paper form, consistent with the method of application submission.

In addition, this rule updates regulatory provisions to allow the electronic delivery and acceptance of loan approval documents, loan guarantee documents, and guaranteed loan servicing documents. It also removes prior requirements that obligated guaranteed lenders to identify specific branches covered by their lender status. Eliminating these requirements will support implementation of the modernized IT system and reduce administrative burden, as lender status will now apply to the institution as a whole.

IV. Other Regulatory Changes

In addition to making AFT permanent and facilitating IT modernization, FSA is making discretionary regulatory changes to clarify and amend existing processes and requirements to support farmer-focused program delivery. FSA has determined that clarifying

information in the regulation will make it easier for borrowers to understand program requirements. Certain amendments and technical corrections do not constitute policy changes and are discussed in more detail later in this rule. This rule also updates cross references where necessary throughout the regulations and corrects minor grammatical errors.

As previously outlined, the regulatory changes in this rule are organized into two groups: (1) minor policy changes; and (2) clarifications and technical corrections. Each group includes changes that apply only to direct loans, only to guaranteed loans, or to both direct and guaranteed loans. The following discussion provides additional detail on the amendments identified as minor policy changes. Below that, clarifications and technical corrections are discussed, in that order.

A. Minor Policy Changes Limited to Direct Loans

1. Age of Real Estate Appraisals for Direct Loans

Under current regulations, a real estate appraisal for a direct loan must have been completed within the previous 18 months at the time the Agency makes an approval decision. This requirement was originally intended to ensure that the value of real estate used to secure the loan reflects current market information and up-to-date property information. Appraisals for guaranteed loans, however, have historically allowed greater flexibility regarding the age of the appraisal.

Economic analysis shows that farm real estate values are relatively stable over the long term, with observed fluctuations generally showing increases rather than decreases in value. Therefore, commercial industry practice permits the use of an older real estate appraisal when the lender can document specific conditions related to the subject property. For FSA guaranteed loans, lenders may already rely on a real estate appraisal older than 18 months if: (1) the lender can document that market conditions have remained stable or improved; (2) the property is in the same or better condition; and (3) the property's value has remained the same or increased.

With this rule, FSA will apply a similar policy to direct loans and increase the acceptable age of a real estate appraisal for direct loans in 7 CFR 761.7. Allowing the use of real estate appraisals older than 18 months old will reduce the number of new appraisals that FSA must fund and will shorten loan processing and closing times.

Before relying on an older appraisal, the authorized Agency official must document the three criteria listed above to ensure that the use of such appraisal does not increase Agency risk. This rule also establishes a maximum threshold prohibiting the use of any appraisal more than 36 months old for direct loans. This provision is intended to support and strengthen the Agency's risk-mitigation efforts.

2. Repayment Terms for Direct Loans

FSA regulations for most direct loan programs currently specify that the first installment will be an interest-only payment due 12 months after loan closing, unless the loan applicant submits a written request for an alternative repayment arrangement. FSA data indicate that the majority of direct loan applicants request an alternative arrangement that allows them to begin repaying loan principal within the first 12 months after receiving their loan. Since most direct loan applicants elect not to use the interest-only installment, FSA is amending 7 CFR 764.154, 764.254, and 764.354 to remove the requirement that borrowers must submit a written request if they choose not to use an interest-only installment in the first year of a direct loan. Interest-only installments and other flexible repayment terms will continue to be available to borrowers. This change only removes the written-request requirement for borrowers who choose to begin repaying principal with their first installment or who choose to have their first installment due less than 12 months after loan closing.

3. Borrower Training Provisions

FSA regulations generally require recipients of direct loans to complete a financial training course within 2 years of receiving their loan. Borrowers may request a waiver of this requirement if they have previously completed a similar training course or can demonstrate sufficient financial management skills and operational experience. Currently, borrowers must request a training waiver in writing, separate from their loan application, which creates an unnecessary administrative burden because most FSA applicants request a waiver.

This rule removes the requirement that borrowers submit a separate written request for a financial training waiver in 7 CFR 764.453 and 764.454. FSA will continue to evaluate each borrower's eligibility for a waiver using the existing criteria and inform the borrower as to any need for financial training.

4. Conversion of EM Loans to Non-Program Rates and Terms

Congress designed FSA direct loans to be a temporary source of credit to enable farmers to start or maintain their operations until they are able to qualify for commercial credit at reasonable rates and terms. Consistent with this purpose, FSA periodically reviews the financial condition of direct loan borrowers to determine whether they are able to graduate to commercial credit. When FSA determines that a borrower is financially capable of graduation, the borrower is required to actively seek and apply for commercial credit to refinance their FSA debt. Failure to do so constitutes non-monetary default.

When a borrower is in non-monetary default for failure to graduate, FSA has allowed FO and OL borrowers to convert their loans to non-program rates and terms to avoid acceleration and foreclosure. Non-program rates and terms generally match those available from commercial lenders and are not subsidized like typical FSA interest rates. As a result, allowing a capable borrower to convert their FO or OL loans to non-program rates and terms effectively eliminates the Government subsidy and achieves an outcome comparable to graduation.

When this policy was originally implemented for FO and OL loans (89 FR 65020, August 8, 2024), the regulation inadvertently did not include the corresponding amendment for EM loans in 7 CFR 765.102. This rule corrects that omission and clarifies that EM loans may be converted to non-program rates and terms when a borrower fails to graduate.

5. Limited Resource Reviews

FSA may offer a direct loan applicant a "limited resource rate" when the applicant is unable to develop a feasible farm operating plan at the regular interest rate but can do so, with a positive cash flow, at a lower, limited resource rate. Once a borrower receives a loan with a limited resource rate, the Agency is required to periodically review the borrower's financial condition to determine whether the reduced rate continues to be needed for the operation to remain viable. A "limited resource review" is conducted as part of the broader "operational review" process, which is a structured assessment of an existing direct loan borrower's farming operation to evaluate compliance, efficiency, and accuracy, and requires extensive documentation. An operational review identifies risks and corrects operational gaps, which

may result in repayment or restructuring actions when necessary.

In 2025, FSA revised its administrative guidance to clarify that operational reviews are required, for most borrowers, every 3 years. To align the regulatory requirements with this updated guidance, this rule amends 7 CFR 761.105 and 765.51 to change the required frequency of limited resource reviews from every 2 years to every 3 years.

6. Direct Loan Subordinations

FSA regulations allow the Agency to subordinate its lien position to a commercial lender to facilitate new financing for a mutual customer in certain circumstances. The new loan may be either an FSA-guaranteed loan or an unguaranteed commercial loan. Although many commercial lenders are willing to provide credit to farmers who have existing FSA direct loans, most lender policies and regulatory standards require the lender to obtain a first lien position on the proposed loan security. As a result, borrowers may request that FSA subordinate its lien position in favor of the commercial lender so the new loan can be repaid first upon sale of the loan security. Subordination allows borrowers to access necessary additional credit while maintaining adequate security for the FSA loan through established safeguards that govern the circumstances in which subordinations may be approved.

Existing regulations require borrowers requesting an FSA subordination to a commercial lender to submit a farm operating plan and cash flow budget and require FSA to analyze that cash flow budget with the same level of scrutiny applied to applications for additional direct loan funds. However, the primary consideration in evaluating such a subordination request involves the adequacy of loan collateral given FSA's new lien position after the subordination is executed. Since FSA is not extending new credit, the borrower's repayment schedule for their FSA loan(s) remains the same. Additionally, commercial lenders extending the new credit are required to independently verify the borrower's repayment capacity to service the new debt. Therefore, any additional cash flow analysis by FSA is redundant and unnecessary.

This rule removes the requirement for direct loan borrowers to submit, and for FSA to conduct, a financial feasibility review of a separate cash flow projection and farm operating plan when a direct loan subordination is requested in 7 CFR 761.105 and 765.205. All other requirements for

direct loan subordinations will remain unchanged, including, but not limited to, the stipulations that the borrower is not in default on their FSA loan and that FSA has verified that the FLP loan will remain adequately secured after the subordination.

7. Appraisals for Security Released Without Compensation

When a borrower requests the release of a portion of loan security "without compensation," FSA evaluates whether the loan will remain adequately secured. The term "without compensation" refers to situations in which FSA releases its claim on a portion of the collateral *without* requiring the borrower to make a payment to FSA in exchange for that release. FSA typically appraises the property that will remain as security to verify that its market value is sufficient to secure the remaining balance of the FSA loan.

FSA is removing the requirement to appraise the property being released because its value is not relevant to decisions on releases without compensation. The appraisal or evaluation of remaining collateral will continue, as it provides the basis for determining whether the loan remains adequately secured. Valuation of the property being released will still be required when compensation is involved to ensure that the compensation received by the borrower reflects fair market value. FSA is removing this non-essential appraisal requirement for releases without compensation in 7 CFR 765.305 and 765.351 to reduce administrative burden and appraisal costs.

8. Certified Mailing Requirements

Section 331D of the CONACT (7 U.S.C. 1981d) requires FSA to provide loan servicing notifications by certified mail to borrowers who are at least 90 days past due on their installments. However, FSA's implementing regulations at 7 CFR 766.101 require certified mail for primary loan servicing notices for all delinquent borrowers, including those less than 90 days past due.

Because certified mail is more costly and may require additional processing time compared to other delivery methods that also provide confirmation of receipt, FSA is revising 7 CFR 766.101 to require certified mail only when specifically required by statute—that is, for borrowers 90 days or more past due. This change will improve efficiency and reduce costs. Borrowers who are less than 90 days past due will continue to receive timely loan

servicing notifications via delivery methods other than certified mail, and no other loan servicing notification requirements are being changed.

9. Request To Extend Balloon Installment

In 7 CFR 766.120, FSA provides direct loan borrowers the opportunity to extend an upcoming balloon installment outside of the primary loan servicing process when certain requirements are met, including that the loan be current. FSA has received requests for balloon installment extensions so close to the due date that the Agency is unable to process the transaction before the installment becomes past due. Therefore, to qualify for this quick restructure option, a borrower must now submit the request no later than 30 days prior to the balloon installment due date. Borrowers who submit a request less than 30 days before the installment due date may still be eligible to have the balloon installment restructured; however, they will not be able to use the quick restructure option and will instead be required to use the traditional primary loan servicing procedure, which is a lengthier process.

10. Real Estate Evaluations and Related Definitions

Establishing the value of proposed real estate security is a key component of the loan approval process. FSA seeks to ensure that the value of the real estate pledged as collateral is at least equal to the loan amount to ensure that adequate proceeds will be available to repay the loan in full if it cannot be repaid through cash flow and the collateral must be liquidated. In many cases, FSA is also required, when additional security is available, to obtain security for direct loans up to 125 percent of the loan amount to account for potential fluctuations in the value of collateral over time. For clarity, collateral refers to the physical asset, such as farmland, pledged for the loan, while security refers to the lender's legal interest or lien on that asset.

Real estate collateral value is typically established through a formal appraisal conducted by a State Certified General Appraiser in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP). Although FSA employs staff appraisers throughout the country, demand for appraisals exceeds internal capacity, and most appraisals are obtained by contracting with private sector appraisers.

The average real estate appraisal contracted by FSA costs between \$2,000 and \$3,000 and is completed

approximately 30 to 45 days after FSA initiates the request. These costs are paid by FSA and require annual appropriations from Congress. Producers frequently express concerns about the length of time required to receive a direct FO loan for the purchase of real estate partially due to the length of the appraisal process. In some cases, the time between the submission of a loan application and closing may exceed 90 days.

OMB Circular A-129 (Revised), *Policies for Federal Credit Programs and Non-Tax Receivables* (Office of Management and Budget, August 2025), provides guidance on the valuation of collateral. For many years, this circular has permitted Federal agencies to use a less formal real estate evaluation for smaller loans instead of a full appraisal. Evaluations are conducted by individuals trained to assess real estate value but who are not licensed appraisers. FSA has used evaluations for microloans of up to \$50,000 to expedite loan closing and has not experienced increased losses attributable to the use of evaluations instead of appraisals.

OMB updated circular A-129 in 2025 to increase the dollar thresholds at which agencies must obtain a formal appraisal: to over \$500,000 for commercial real estate transactions and over \$250,000 for business loans. Previously, the circular established a \$250,000 threshold for business loans but did not separately address commercial real estate transactions. This rule updates 7 CFR 761.7 to align with the revised OMB guidance, allowing FSA to use real estate evaluations instead of an appraisal for business loans of \$250,000 or less and for commercial real estate transactions of \$500,000 or less. Applicants and borrowers will retain the right to appeal the Agency's real estate evaluation if it leads to an adverse decision, consistent with appeals procedures applicable to formal real estate appraisals. These changes will allow FSA to reduce the time to loan closing for many direct FO loans and result in cost savings to taxpayers.

This rule also adds definitions related to real estate evaluations in 7 CFR 761.2. In developing definitions for "business loan" and "commercial real estate transaction", FSA reviewed definitions used by commercial lending regulators, including the Farm Credit Administration (FCA) and the Federal Deposit Insurance Corporation (FDIC). Generally, OLs correspond to business loans and FOs correspond to commercial real estate transactions. The definition of "commercial real estate transaction" clarifies that such

transactions include most real estate-secured loans except those secured by property that is primarily residential. As a result, this rule will allow FSA to complete evaluations for new FO loans with a transaction value up to \$500,000 for farm real estate containing a residence, as long as the property is not primarily residential. EM loans with shorter terms will generally be processed as business loans, while EM loans with longer terms secured by real estate will generally be processed as commercial real estate transactions. EM loans may either be short-term or long-term depending on the nature of a producer's loss created by a natural disaster. The expanded use of real estate evaluations will not apply to primary loan servicing; appraisals for servicing actions will continue to follow existing policy.

In addition to the definitions discussed above, FSA is also adding related definitions for "appraisal", "non-residential real property", "real estate evaluation", and "real estate-related financial transaction". These definitions provide necessary context to implement the changes described above.

B. Minor Policy Changes Limited to Guaranteed Loans

1. Delegated Authority for Certain Guaranteed Lenders

Federal guaranteed loan programs operate differently from direct lending. With a guaranteed loan, the process typically begins when a farmer or rancher applies for credit through a commercial lender. The lender evaluates the application to determine the borrower's likelihood of success and whether the level of risk aligns with the lender's internal lending policies. When the risk exceeds the lender's acceptable range, but the borrower can demonstrate a feasible operating plan and provide adequate security, the lender may request an FSA guarantee to offset a portion of the risk. This approach ensures access to credit for farmers and ranchers while preventing the Government from competing with commercial lenders through its direct loan program.

FSA partners with a wide array of lenders—including credit unions, commercial banks, and Farm Credit organizations—to deliver Guaranteed Farm Loan Programs. These programs assist applicants who cannot obtain credit without a Federal guarantee. FSA guaranteed loans are intended to facilitate the purchase of agricultural real estate, livestock, equipment, and meet operational needs, among other authorized purposes.

Lenders participating in the Guaranteed Farm Loan Program are assigned one of three status levels—Standard Eligible Lender (SEL), Certified Lender Program (CLP) lender, or Preferred Lender Program (PLP) lender—based on their experience and performance with the guaranteed lending program. As lender status increases, FSA oversight decreases, with PLP lenders (the highest lender status) benefitting from the most streamlined processes that reduce documentation and expedite loan making. Despite these efficiencies, PLP lenders have reported inconsistencies and delays in loan processing across FSA offices in certain cases.

Subsection 339(d)(4)(B) of the CONACT (7 U.S.C.1989(d)(4)(B)) authorizes PLP lenders to make decisions regarding borrower creditworthiness, repayment ability, adequacy of collateral, and operational feasibility. FSA first implemented this authority on February 12, 1999, introducing the PLP status and allowing PLP lenders to use their organization's internal underwriting policies subject to FSA concurrence based on a detailed narrative summary, rather than providing specific financial documentation (64 FR 7358-7403).

To align FSA processes with those used by other Federal agencies, this rule relies on the statutory authority described in the preceding paragraph to permit PLP lenders to certify that they have obtained the specific documentation and performed the necessary analysis to determine that an applicant meets FSA requirements for creditworthiness, the test for credit (which examines whether the applicant is unable to obtain sufficient credit elsewhere without a guarantee), financial feasibility, and collateral adequacy, as specified in 7 CFR 762.120(g) and (h), 762.125, and 762.126. FSA will accept a lender's certification in place of the more detailed narrative summary that has been required since 1999.

Prior to approval of a loan guarantee, FSA will continue to review remaining requirements, including, but not limited to, applicant eligibility (excluding creditworthiness and test for credit), authorized loan purposes, and environmental compliance documentation. This streamlined review is intended to reduce processing times. When environmental requirements have been met, FSA will target approval or rejection of complete applications submitted under this delegated authority within 5 calendar days.

Only PLP lenders may receive delegated authority. All PLP lenders

that currently meet and maintain PLP status will receive delegated authority for a period not to exceed the expiration date of their PLP Lender's Agreement. Because PLP status is not automatically renewed, delegated authority will also require renewal. To maintain PLP status and delegated authority, lenders must continue to meet all initial eligibility criteria and any additional criteria established by the Agency.

FSA may revoke PLP status and delegated authority at any time for several reasons, including approving loans that do not meet Agency requirements, failure to maintain eligibility, submission of false information, or poor portfolio performance. FSA will monitor these factors through data analytics and a robust oversight and monitoring process, including reviews of lender loan files. Agency administrative guidance will establish review frequency and monitoring metrics.

Expanding delegated authority to PLP lenders at the time of loan origination will further shift feasibility (cash flow) and security analysis responsibilities to PLP lenders, reducing FSA workload at the time of loan making and improving administrative efficiency. In order to maintain program integrity, FSA will continue to thoroughly review loss claims to ensure that guarantee requirements have been met throughout the loan lifecycle, prior to any loss payment.

2. Concurrence Requirements for Unguaranteed Loans and Advances

Under current regulations, SEL and CLP lenders are prohibited from making additional unguaranteed loans or advances to borrowers without prior written approval from the Agency. PLP lenders may make these loans or advances without Agency approval, provided the lender's process for evaluating such requests is sufficiently documented and incorporated into the lender's Credit Management System (CMS). The CMS must include written requirements agreed to by FSA and the PLP lender for originating and servicing FSA loans. If a PLP lender's CMS does not address this subject, the lender must obtain Agency approval before making additional unguaranteed loans or advances.

These requirements have been used to ensure that any new unguaranteed loan or advance does not adversely affect the collateral position supporting FSA's guaranteed loan or impair the borrower's ability to repay the FSA guaranteed loan. However, commercial lenders are already required by their regulators to conduct a comparable

analysis, and FSA rarely disagrees with PLP lender requests for approval. As a result, portions of this process are duplicative, provide minimal benefit, and require considerable FSA staff resources.

With this rule, FSA is updating 7 CFR 762.146 to simplify concurrence requirements for guaranteed lenders when they are making additional unguaranteed loans or advances. All lenders will continue to be required to conduct the same analysis they currently perform before making a subsequent unguaranteed loan or advance. However, lenders will no longer be required to obtain prior written Agency approval. Instead, lenders must document in their loan file that the requirements in 7 CFR 762.146 have been met before making the new unguaranteed loan or advance. FSA will retain its authority to reduce or deny a lender's loss claim due to negligent servicing. If a lender makes an unguaranteed loan or advance after originating an FSA-guaranteed loan and fails to perform the due diligence required by 7 CFR 762.146, FSA may reduce or deny the lender's loss claim if the lack of due diligence contributes to a loss on the guaranteed loan.

3. Annual Analyses for Guaranteed Loans

In 7 CFR 762.140, FSA requires all guaranteed lenders to conduct annual analyses of their guaranteed loan borrowers, and 7 CFR 762.141 specifies the documentation that lenders must submit to FSA. The specific loans subject to review and the documentation that must be submitted to FSA as evidence of that analysis vary depending on the lender's status within the Guaranteed Loan Programs. While these reviews are important for higher-risk loans or loans that are not performing as agreed, they provide limited benefit for lower-risk, well-performing loans. Commercial lenders devote substantial time to completing each analysis, and FSA staff likewise spend considerable time reviewing them. FSA is revising these requirements to make more efficient use of commercial lender and Agency resources while maintaining appropriate oversight of portfolio performance.

Historically, FSA has required non-PLP lenders to complete an annual analysis for all term loans with aggregate balances over \$100,000 and for all revolving lines of credit. With this rule, FSA is increasing the \$100,000 threshold to \$500,000. As a result, non-PLP lenders will be required to review only term loans with aggregate balances over \$500,000, all revolving lines of

credit, and any loans that are not performing as agreed.

FSA is also revising which analyses must be submitted to FSA for further Agency review. Non-PLP lenders will now only be required to submit analyses for revolving lines of credit and non-performing loans. Analysis for performing term loans with aggregate balances over \$500,000 must still be completed and retained in the lender's files but will no longer be submitted to FSA for further review. The analysis requirements for PLP lenders will continue to be documented in, and governed by, the lender's CMS.

FSA has historically reviewed every loss claim for compliance with program requirements and has denied claims when lenders were found to be out of compliance. Under the updated policy, FSA will continue to conduct these reviews for loss claims to ensure that guarantee requirements have been met from loan obligation through servicing before a loss is paid. This policy change, which simplifies annual analysis requirements for guaranteed loans in 7 CFR 762.141, does not increase risk to the Agency. If a lender fails to conduct a required annual analysis, and the Agency determines that lack of proper borrower monitoring contributes to a guaranteed loan loss, the result may be a reduction or denial of the loss claim.

4. Real Estate Evaluations for Guaranteed Loans

In 7 CFR 762.127, FSA currently allows all guaranteed lenders to complete a real estate evaluation, in accordance with their internal policies for similar unguaranteed loans, for transactions up to \$250,000 instead of obtaining an appraisal. This \$250,000 threshold was established prior to the 2025 update to OMB Circular A-129, which permits evaluations for loans up to \$500,000, when they are considered commercial real estate transactions, as discussed earlier in this rule.

FSA is increasing the maximum threshold in 7 CFR 762.127 at which a guaranteed lender may rely on a real estate evaluation rather than an appraisal to determine the value of guaranteed loan security. Commercial lending regulators have well-established policies that lenders must follow to determine whether a loan is a business loan or a commercial real estate transaction. Therefore, FSA is not providing additional guidance to guaranteed lenders on this distinction and will continue to require lenders to follow the requirements of their regulator and their own internal policies when completing real estate

evaluations, subject to the updated maximum limit of \$500,000.

C. Minor Policy Changes Affecting Both Direct and Guaranteed Loans

1. Crop Insurance Requirements

Section 371 of the CONACT (7 U.S.C. 2008f) requires recipients of direct and guaranteed loans to obtain at least catastrophic (CAT) risk protection insurance coverage for all crops, if available. CAT coverage represents the lowest level of crop insurance protection. Crop insurance requirements for guaranteed loan applicants are established in 7 CFR 762.123, and similar requirements for direct loan applicants are outlined in 7 CFR 764.108.

In 1996, Section 508(b)(7) of the Federal Crop Insurance Act (7 U.S.C. 1508(b)(7) (1996)) was amended to permit an FLP borrower to forgo the crop insurance purchase requirement under 7 U.S.C. 2008f by waiving eligibility for FSA emergency crop loss assistance. In 2014, however, 7 U.S.C. 1508 was amended to remove the option of executing such a waiver in lieu of obtaining crop insurance. As a result, FSA is updating the regulations for guaranteed loans in 7 CFR 762.123 and for direct loans in 7 CFR 764.108 to remove the option for borrowers to execute a benefits waiver instead of purchasing crop insurance, aligning with statutory requirements under Section 371 of the CONACT. Moving forward, all direct and guaranteed loan borrowers will be required to obtain crop insurance, if available, as a condition of receiving an FSA direct or guaranteed loan.

D. Clarifications and Technical Corrections Limited to Direct Loans

1. Farm Assessments

For each direct loan application, FSA staff complete a written assessment that documents the applicant's financial condition, the farming operation's organizational structure, management strengths and weaknesses, and the applicant's plan to eventually progress to commercial credit. As FSA has implemented new types of direct loans over the past 10–15 years, the Farm Assessment requirements in 7 CFR 761.103 have become redundant and difficult to navigate. With this rule, FSA is simplifying the regulatory text without changing the Farm Assessment requirements.

For example, 7 CFR 761.103 currently includes a separate subsection addressing microloans; however, the Farm Assessment requirements for microloans are almost identical to all

other direct loans. Therefore, this rule removes the duplicative language related to microloans and other repetitive Farm Assessment provisions and updates the section for clarity and simplicity.

2. Additional Security for Direct FO Loans

In 7 CFR 764.103, FSA specifies that an applicant for a direct FO loan who is purchasing a farm is not required to provide additional security if the applicant provides a cash down payment equal to 5 percent or more of the farm's purchase price. Under this provision, the total amount financed, including any FSA debt, does not exceed 95 percent of the purchase price, thereby resulting in slightly less risk to FSA than if the entire purchase was financed. For this reason, the requirement for the applicant to obtain additional security has been waived for applicants providing a cash down payment equal to 5 percent or more of the farm's purchase price.

However, in some cases, the purchase price has exceeded the appraised market value, increasing Agency risk and undermining the intent of the provision. Therefore, FSA is amending § 764.103 to clarify that, to qualify for the waiver of additional security, total financing provided by FSA and all other creditors may not exceed 95 percent of the purchase price or the value of the real estate, whichever is less.

3. Youth Loan Clarification

YFs are limited to \$10,000 and support agricultural projects conducted through 4–H, Future Farmers of America (FFA), and other similar organizations. Due to the small loan amounts and limited scope of eligible projects, FSA has determined that YFs are not eligible for any balloon installments or flexible repayment terms made for some of the reasons available under other direct loan programs. Flexible repayment terms are specifically prohibited for YFs if the intent is to increase working capital reserves and savings, including reasonable savings for retirement and education, which do not apply to YF activities. However, flexible repayment terms are available for YFs if they are needed to establish a new enterprise, develop a farm, or recover from a disaster or economic reversal. This rule formalizes that policy for YFs in 7 CFR 764.304.

4. Direct OL Security

Regulations require that FSA direct OL's be secured by assets with a value at least equal to the loan amount, and

FSA is required to obtain a lien on additional security, if it is available, to reach a security margin of 125 percent of the loan amount. A security margin greater than 125 percent of the loan amount may be taken when assets cannot be practicably separated or fragmented.

FSA has long determined that individual livestock within a species cannot be practically distinguished for collateral purposes. Branding and other identification methods such as ear tags typically establish ownership but do not reliably differentiate one animal from another. Consistent with industry practice, FSA therefore takes a lien on the entire herd of the same species when livestock serves as collateral for a loan.

Similarly, machinery and equipment used as collateral for direct OL's are treated as inseparable, and a lien is placed on the borrower's full line of machinery and equipment, consistent with commercial lending practices. FSA's existing loan servicing mechanisms—such as partial lien releases after successful repayment cycles and lien subordination to facilitate commercial credit—ensure borrowers can access equity in their equipment while maintaining adequate loan security. With this rule, FSA provides additional clarity regarding longstanding practices for non-separable collateral in 7 CFR 764.103 and 764.254. While FSA is not explicitly making this clarification in 7 CFR parts 765 or 766, FSA continues to interpret those regulations that provide that it may not be practicable to separate the security in conformity with this clarification of longstanding practices.

5. Application of Loan Payment Proceeds

In 7 CFR 765.153, FSA outlines the standard order for applying regular loan payments. Agency practice sometimes allows payments to be applied differently, and this rule clarifies that any alternative written agreement between FSA and the borrower regarding the application of proceeds takes precedence over the standard order.

6. Deferred, Non-Capitalized Interest

In 7 CFR 765.154, FSA identifies the types of costs and interest that must be satisfied before payments are applied to loan principal. This section currently references “deferred non-capitalized interest,” a category which is no longer relevant because FSA no longer defers non-capitalized interest when servicing direct loans. No active FSA loans in the portfolio contain deferred, non-

capitalized interest; therefore, this rule removes the obsolete reference.

Similarly, 7 CFR 761.403, which establishes the order of application for voluntary and involuntary payments when all security has been liquidated and an adjustment debt settlement is in place, also references deferred, non-capitalized interest. This rule removes that obsolete reference as well.

7. Releases Without Compensation

FSA currently allows direct loan security to be released incrementally without compensation as a loan is paid down, provided the loan is in good standing and certain conditions are met. This rule makes two clarifications:

- Borrowers with a loan in active non-monetary default are not eligible for a release of security without compensation.

- Borrowers must have made, in each of the last 3 calendar years, full installments that include principal reduction no later than 90 days after their due dates. This rule clarifies the timing requirements in §§ 765.305 and 765.351.

8. Updates to Form FSA-2510

FSA is required to publish in regulation the notification sent to direct loan borrowers who become 90 days past due, which outlines available loan servicing options and next steps if the borrower chooses not to apply for loan servicing. This rule makes minor clerical updates to forms FSA-2510 and FSA-2510IA in Appendices A and B of subpart C of 7 CFR 766. These updates are administrative and do not change any loan servicing provisions for delinquent borrowers.

9. Removal of Obsolete Net Recovery Buyout Recapture Agreements

Prior to July 3, 1996, the Agency was authorized to offer delinquent borrowers the option to buy out their loans at the net recovery value (the estimated amount a lender expects to recover from the sale of a borrower's collateral after deducting all liquidation-related costs). In 7 CFR 766.206, FSA outlined the requirements for servicing the recapture agreements that resulted from these recovery value buyouts. Because the Agency has not had authority to enter into such agreements since 1996, these regulatory provisions are, and have been, obsolete. Therefore, FSA is removing 7 CFR 766.206.

10. Unauthorized Assistance Clarification

If a borrower receives unauthorized assistance (a loan, or a portion of a loan, provided to a borrower who was not

eligible to receive it) due to submission of inaccurate information or Agency error, the borrower is generally required to repay the amount of unauthorized assistance within 90 days of Agency notification. If the borrower is unable to repay the unauthorized amount and did not provide false information to the Agency, FSA may convert the loan to non-program rates and terms to avoid acceleration and foreclosure. This rule clarifies that when a borrower repays a portion, but not all, of the unauthorized amount, the remaining unauthorized portion of the loan may still be converted to non-program rates and terms if all applicable requirements are met. Accordingly, any portion of unauthorized assistance that the borrower is unable to repay may be converted to non-program rates and terms in 7 CFR 766.253.

11. Equitable Relief

Section 366 of the CONACT (7 U.S.C. 2008a) allows FSA to provide equitable relief to direct loan borrowers who acted in good faith but became out of compliance with their loan agreements through reliance on Agency action, inaction, or advice. This rule makes a minor clarification to 7 CFR 768.1.

12. Removal of Obsolete Provisions

FSA is removing 7 CFR part 773, Special Apple Loan Program, which was established to assist orchardists who produced apples on not less than 10 acres for sale in 1999 and 2000. FSA is also removing 7 CFR part 774, Emergency Loan for Seed Producers Program, which was created to assist seed producers who had contracts with AgriBiotech in 1999 and were adversely affected by the company's bankruptcy. These programs are no longer authorized, and FSA has no remaining outstanding loans under these parts.

E. Clarifications and Technical Corrections Limited to Guaranteed Loans

1. Definition of Adequate Security

This rule amends the definition of "adequate security" in § 761.2 to clarify that the term applies to both direct and guaranteed loans.

F. Clarifications and Technical Corrections Affecting Both Direct and Guaranteed Loans

1. Delegation of Authority for FSA Employees

In 7 CFR 761.1, FSA describes how authority for administering the Farm Loan Programs is delegated from the FSA Administrator to the FSA Deputy Administrator for Farm Loan Programs

and, in turn, how the Deputy Administrator further delegates authority to employees at the FSA State and County Offices. In 2024, FSA created a new position at the State Office level—the Deputy State Executive Director—which was not included in these existing delegations of authority. Therefore, this rule amends the regulations to incorporate this new position and to account for any additional positions the Agency may establish or to which the FSA Administrator may decide to delegate authority to in the future. These updates apply to the delegations of authority for FSA employees in 7 CFR 761.1.

2. Updates to CFR References

FSA's regulations for documenting compliance with the National Environmental Policy Act (NEPA) were formerly located in 7 CFR 799, which USDA rescinded in the rule "National Environmental Policy Act" (90 FR 29632, July 3, 2025). That rule consolidated all USDA NEPA regulations in 7 CFR part 1b. This rule removes obsolete references to 7 CFR 799 and replaces them with references to 7 CFR part 1b accordingly.

3. References to Chattel Property

FSA has historically used the term "chattel" to describe non-real estate assets pledged as security. Because most commercial lenders now use the term "personal property," this rule replaces all references to "chattel" with "personal property."

4. Definitions of Administrative Appraisal Review, Market Value, and Potential Liquidation Value

This rule makes minor revisions to several definitions in 7 CFR 761.2 related to real estate valuation. Specifically, this rule clarifies that an "Administrative appraisal review" does not assess compliance with USPAP Standards 3 and 4, updates the definition of "Market value" to add context on factors that influence value, and makes a clerical correction to the definition of "Potential liquidation value".

V. Regulatory Analyses

A. Notice and Comment and Effective Date

The Administrative Procedure Act (APA, 5 U.S.C. 553(a)(2)) provides that the notice and comment and 30-day delay in the effective date provisions of that Act do not apply when the rule involves specified actions, including matters related to loans, grants, benefits, or contracts. This rule governs a

program for loans and therefore falls within that exemption.

This rule is exempt from the regulatory analysis requirements of the Regulatory Flexibility Act (5 U.S.C. 601–612), as amended by the Small Business Regulatory Enforcement Fairness Act of 1996 (SBREFA). The requirements for the regulatory flexibility analysis in 5 U.S.C. 603 and 604 are specifically tied to the requirement for a proposed rule by section 553 of the APA or any other law; in addition, the definition of “rule” in 5 U.S.C. 601 is tied to the publication of a proposed rule. The exemption under section 553 for matters related to loans extends to the regulatory analysis requirement for this rule.

The Office of Management and Budget (OMB) has determined that this rule does not meet the criteria in 5 U.S.C. 804(2) of the Congressional Review Act (CRA). Under 5 U.S.C. 808(2), an agency may make a rule effective immediately upon publication if it finds good cause. USDA finds good cause because this rule relates to loans and delaying its effective date would postpone benefits to American farmers and ranchers. Therefore, USDA is not required to delay the effective date for 60 days from the date of publication to allow for Congressional review. Accordingly, this rule is effective on October 1, 2026.

B. Executive Orders 12866, 13563, and 14192

Executive Order 12866, “Regulatory Planning and Review,” and Executive Order 13563, “Improving Regulation and Regulatory Review,” 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 (including potential economic, environmental, public health and safety effects, distributive impacts, and equity). Further, Executive Order 13563 emphasized the importance of quantifying both the costs and benefits of reducing costs, harmonizing rules, and promoting flexibility. Executive Order 14192, “Unleashing Prosperity Through Deregulation,” announced the Administration policy to significantly reduce the private expenditures required to comply with Federal regulations to secure America’s economic prosperity and national security and the highest possible quality of life for each citizen and to alleviate unnecessary regulatory burdens placed on the American people. In line with these Executive Order requirements, the Agency has chosen this regulatory approach to maximize benefits and minimize burdens on American

producers. This rule is not an Executive Order 14192 regulatory action because it does not impose any more than de minimis regulatory costs.

The Office of Management and Budget (OMB) has designated this rule as “not significant” under Executive Order 12866. Accordingly, OMB has not reviewed this rule and an analysis of costs and benefits is not required under either Executive Order 12866 or Executive Order 13563.

C. Environmental Review

The environmental impacts have been considered in a manner consistent with the provisions of the National Environmental Policy Act (NEPA, 42 U.S.C. 4321–4347) and the USDA regulation for compliance with NEPA (7 CFR part 1b).

The actions in this rule fall within the Farm Loan Programs categorical exclusion at 7 CFR 1b.4(c)(1)(i). No Extraordinary Circumstances (7 CFR 1b.3(f)) exist because this rule includes only administrative, procedural, and program-delivery updates. As such, these regulatory updates do not constitute a major Federal action that would significantly affect the quality of the human environment, individually or cumulatively. Therefore, FSA will not prepare an environmental assessment or environmental impact statement for this rule and, consistent with 7 CFR 1b.3(g), this document serves as the programmatic finding of applicability and no extraordinary circumstance (FANEC). No further environmental compliance documentation is required for implementation.

D. Executive Order 13175

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

FSA has assessed the impact of this rule on Indian Tribes and determined that this rule does not, to our knowledge, have Tribal implications that required Tribal consultation at this time. If a Tribe requests consultation in

the future, FSA’s Federal Preservation Officer will work with the Office of Tribal Relations, as needed, to ensure meaningful consultation is provided.

E. Unfunded Mandates Reform Act

Title II of the Unfunded Mandates Reform Act of 1995 (UMRA, Pub. L. 104–4) requires Federal agencies to assess the effects of their regulatory actions on State, local, and Tribal governments or the private sector. Agencies generally must prepare a written statement, including a cost benefit analysis, for proposed and final rules with Federal mandates that may result in expenditures of \$100 million or more in any 1 year for State, local, or Tribal governments, in the aggregate, or to the private sector. UMRA generally requires agencies to consider alternatives and adopt the more cost effective or least burdensome alternative that achieves the objectives of the rule. This rule contains no Federal mandates, as defined in Title II of UMRA, for State, local, or Tribal governments or the private sector. Therefore, this rule is not subject to the requirements of sections 202 and 205 of UMRA.

F. Paperwork Reduction Act Requirements

In accordance with the provisions of the Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3520), this rule does not change the information collection approved by OMB under control numbers:

- 0560–0155, Guaranteed Farm Loan Programs, OMB Expiration Date of November 2026;
- 0560–0233, Farm Loan Programs—Direct Loan Servicing, OMB Expiration Date of November 2027;
- 0560–0236, Farm Loan Programs—Direct Loan Servicing, OMB Expiration Date of August 2026 (the 60-day comment period for the information collection request renewal was published on April 2, 2026 at 91 FR 16628 and is pending OMB approval);
- 0560–0237, Farm Loan Programs—Direct Loan Making, OMB Expiration Date of February 2029;
- 0560–0238, Farm Loan Programs—General Program Administration, OMB Expiration Date of October 2026; and
- 0560–0317, Online Loan Application, OMB Expiration Date of November 2026.

No new information will be collected through this rule.

G. E-Government Act Compliance

FSA is committed to complying with the E-Government Act of 2002, to promote the use of the internet and other information technologies to

provide increased opportunities for citizen access to Government information and services, and for other purposes.

Federal Assistance Programs

The title and number of the Federal assistance programs, as found in the Assistance Listing, to which this rule applies are:

10.099 Conservation Loans;
10.404 Emergency Loans;
10.406 Farm Operating Loans;
10.407 Farm Ownership Loans; and
10.421 Indian Tribes and Tribal Corporation Loans.

List of Subjects

7 CFR Part 761

Accounting, Administrative practice and procedure, Loan programs—agriculture, Reporting and recordkeeping requirements, Rural areas.

7 CFR Part 762

Agriculture, Banks, Banking, Credit, Grant programs—agriculture, Loan programs—agriculture, Reporting and recordkeeping requirements.

7 CFR Part 763

Agriculture, Banks, Banking, Credit, Loan programs—agriculture.

7 CFR Part 764

Agriculture, Credit, Disaster assistance, Livestock, Loan programs—agriculture, Mortgages.

7 CFR Part 765

Agricultural commodities, Agriculture, Credit, Disaster assistance, Livestock, Loan programs—agriculture.

7 CFR Part 766

Agricultural commodities, Agriculture, Credit, Livestock, Loan programs—agriculture.

7 CFR Part 767

Agriculture, Credit, Government contracts, Indians, Loan programs—agriculture.

7 CFR Part 768

Agriculture, Credit, Loan programs—agriculture.

7 CFR Part 770

Agriculture, Credit, Indians, Loan programs—agriculture, Reporting and recordkeeping requirements.

7 CFR Part 772

Agriculture, Credit, Loan programs—agriculture, Rural areas.

For the reasons discussed above, FSA amends the regulations in 7 CFR parts

761, 762, 763, 764, 765, 766, 767, 768, 770, 772, 773, and 774 as follows:

PART 761—FARM LOAN PROGRAMS; GENERAL PROGRAM ADMINISTRATION

■ 1. The authority citation for part 761 continues to read as follows:

Authority: 5 U.S.C. 301 and 7 U.S.C. 1989.

Subpart A—General Provisions

■ 2. Amend § 761.1 by revising paragraph (b)(1) to read as follows:

§ 761.1 Introduction.

* * * * *

(b) * * *

(1) Delegates to each State Executive Director within the State Executive Director's jurisdiction the authority, and in the absence of the State Executive Director, the person acting in that position, to act for, on behalf of, and in the name of the United States of America or the Farm Service Agency to do and perform acts necessary in connection with making and guaranteeing loans, such as, but not limited to, making advances, servicing loans and other indebtedness, and obtaining, servicing, and enforcing or releasing security and other instruments related to the loan. For actions that do not result in a loss to the Farm Service Agency, a State Executive Director may redelegate authorities received under this paragraph to a Deputy State Executive Director, Farm Loan Chief, Farm Loan Specialist, District Director, Farm Loan Manager, Senior Farm Loan Officer, Farm Loan Officer, Loan Analyst, Loan Resolution Specialist, Program Technician, or other positions as determined by the FSA Administrator.

* * * * *

■ 3. Amend § 761.2 as follows:

■ a. In paragraph (a), add the abbreviations for “AFT” and “YL” in alphabetical order;

■ b. In paragraph (b):

■ i. In the definition of “Adequate security”, remove the word “direct”;

■ ii. In the definition of “Administrative appraisal review”, remove the words “of standard 3” in paragraph (ii);

■ iii. Add the definitions of “Application Fast Track”, “Appraisal”, and “Business loan” in alphabetical order;

■ c. Remove the definitions of “Chattel or real estate essential to the operation” and “Chattel security”;

■ d. Add the definition of “Commercial real estate transaction” in alphabetical order;

■ e. In the definition of “Inventory property”, remove the word “chattel” and add “personal” in its place;

■ f. In the definition of “Lien”, remove the word “chattel” and add “personal” in its place;

■ g. Revise the definition of “Market value”;

■ h. Add the definitions of “Personal property or real estate essential to the operation”, and “Personal property security” in alphabetical order;

■ i. In the definition of “Physical loss” remove the word “chattel” and add “personal property” in its place;

■ j. In the definition of “Potential liquidation value” remove the words “is determined by” and add “may be determined by” in their place;

■ k. Add definitions for “Real estate evaluation” and “Real estate-related financial transaction” in alphabetical order;

■ l. In the definition of “Security value” remove the word “chattel” and add “personal” in its place; and

■ m. Add the definition for “Valuation” in alphabetical order.

The revisions and additions read as follows:

§ 761.2 Abbreviations and definitions.

* * * * *

(a) * * *

AFT Application Fast Track.

* * * * *

YL Youth loan.

(b) * * *

* * * * *

Application Fast Track is an accelerated underwriting process for direct loans, which uses financial and repayment data to benchmark and identify applicants least likely to default. This process serves as documentation of repayment capacity for qualified applicants.

Appraisal means a written statement independently and impartially prepared, setting forth an opinion as to the value of an adequately described property as of a specific date(s), supported by the presentation and analysis of relevant market information. Real estate appraisals must comply with the Uniform Standards of Professional Appraisal Practice (USPAP).

* * * * *

Business loan means a loan or other extension of credit made primarily for agricultural purposes to any corporation, general or limited partnership, business trust, joint venture, sole proprietorship, or other person (including entities and individuals engaged in farming enterprises).

* * * * *

Commercial real estate transaction means a real estate-related financial transaction that is secured by a property whose primary value is not derived from a single 1–4 family residence.

* * * * *

Market value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (i) The buyer and seller are typically motivated;
- (ii) Both parties are well informed or well advised, and acting in what they consider to be their own best interests;
- (iii) A reasonable time is allowed for exposure in the open market;
- (iv) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- (v) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

* * * * *

Personal property or real estate essential to the operation is personal property or real estate that would be necessary for the applicant to continue operating the farm after the disaster in a manner similar to the manner in which the farm was operated immediately prior to the disaster, as determined by the Agency.

Personal property security is property that may consist of, but is not limited to: crops; livestock; aquaculture species; farm equipment; inventory; accounts; contract rights; general intangibles; and supplies that are covered by financing statements and security agreements, personal property mortgages, and other security instruments.

* * * * *

Real estate evaluation is an estimate of value of real estate provided by an individual who is not required to comply with USPAP, using market supported information to analyze the subject property.

Real estate-related financial transaction means any transaction involving:

- (i) The sale, lease, purchase, investment in, or exchange of real property, including interests in property or the financing thereof; or

- (ii) The refinancing of real property or interests in real property.

* * * * *

Valuation is the estimation or determination of value of personal property or real estate by agency officials, vendors, or third parties, in each case, authorized or approved by the Agency.

* * * * *

■ 4. Revise § 761.7 to read as follows:

§ 761.7 Valuations.

(a) *General.* This section describes Agency requirements for:

- (1) Real estate and personal property appraisals made in connection with the making and servicing of direct FLP and Non-program loans;
- (2) Appraisal reviews conducted on appraisals made in connection with the making and servicing of direct and guaranteed FLP and Non-program loans;
- (3) Real estate evaluations made in connection with the making and servicing of direct FLP loans and Non-program loans; and
- (4) Reviews of real estate evaluations made in connection with the making and servicing of direct and guaranteed FLP and Non-program loans.

(b) *Valuation standards.* (1) Real estate appraisals, technical appraisal reviews and their respective forms must comply with the standards contained in USPAP, as well as applicable Agency regulations and procedures for the specific FLP activity involved. Applicable appraisal procedures and regulations are available for review in each Agency State Office.

(2) When a personal property appraisal or real estate evaluation is required, it must be completed on an applicable Agency form (available in each Agency State Office) or other format containing the same information.

(c) *Use of an existing real estate appraisal.* Except as otherwise provided in 7 CFR part 766, when a real estate appraisal is required, the Agency will use the existing real estate appraisal to conduct the loan transaction under either of the following conditions:

(1) The appraisal was completed within the previous 18 months and the Agency determines that:

- (i) The appraisal meets the provisions of this section and the applicable Agency loan making or servicing requirements; and

(ii) Market values have remained stable since the appraisal was completed; or

(2) The appraisal was not completed in the previous 18 months, but the Agency determines that the appraisal meets the requirements of this section, and:

(i) The appraisal has been updated by the appraiser or appraisal firm that completed the appraisal and both the update and the original appraisal were completed in accordance with USPAP; or

(ii) The appraisal was completed in the previous 36 months and the Agency has documentation reflecting that:

(A) Market conditions have remained stable or improved based on sales of similar properties;

(B) The property in question remains in the same or better condition; and

(C) The value of the property has remained the same or increased.

(d) *Valuation reviews.* (1) With respect to a real estate appraisal, the Agency may conduct a technical appraisal review or an administrative appraisal review, or both.

(2) With respect to a personal property appraisal or real estate evaluation, the Agency may conduct an administrative review.

(e) *Valuation appeals.* Challenges to a valuation used by the Agency are limited as follows:

(1) When an applicant or borrower challenges a real estate appraisal used by the Agency for any loan making or loan servicing decision, except primary loan servicing decisions as specified in § 766.115 of this chapter, the issue for review is limited to whether the appraisal used by the Agency complies with USPAP. The applicant or borrower must submit a technical appraisal review prepared by a State Certified General Appraiser that will be used to determine whether the Agency's appraisal complies with USPAP. The applicant or borrower is responsible for obtaining and paying for the technical appraisal review.

(2) When an applicant or borrower challenges a personal property appraisal used by the Agency for any loan making or loan servicing decision, except for primary loan servicing decisions as specified in § 766.115 of this chapter, the issue for review is limited to whether the appraisal used by the Agency is consistent with present market values of similar items in the area. The applicant or borrower must submit an independent appraisal review that will be used to determine whether the appraisal is consistent with present market values of similar items in the area. The applicant or borrower is responsible for obtaining and paying for the independent appraisal review.

(3) When an applicant or borrower challenges a real estate evaluation used by the Agency for any loan making or loan servicing decision, except for primary loan servicing decisions as specified in § 766.115 of this chapter,

the issue for review is limited to whether the real estate evaluation used by the Agency is consistent with present market values of similar properties in the area. The applicant or borrower must submit an independent review of the real estate evaluation that will be used to determine whether the evaluation is consistent with present market values of similar properties in the area. The applicant or borrower is responsible for obtaining and paying for the independent real estate evaluation review.

(f) *Real estate evaluations.* (1) Real estate related financial transactions that do not exceed the higher of the current OMB appraisal threshold or the following limits do not require a real estate appraisal:

(i) \$500,000 for commercial real estate transactions; or

(ii) \$250,000 for business loan transactions.

(2) A real estate evaluation may be completed when a real estate appraisal is not required to determine the security value under this subpart.

(3) The determination to not obtain a real estate appraisal is subject to applicable Agency guidance.

(4) Notwithstanding the provisions of this subpart, the Agency retains the discretion to obtain a real estate appraisal in lieu of completing a real estate evaluation on a case-by-case basis.

§ 761.8 [Amended]

■ 5. Amend § 761.8 in paragraph (a) by removing the words “farm operating plan must reflect” and adding “Agency must document” in their place.

§ 761.10 [Amended]

■ 6. Amend § 761.10 as follows:

■ a. In paragraph (b)(2), add the word “and” after the semicolon;

■ b. In paragraph (c)(3), remove the words “799 of this chapter” and add “1b of this title” in their place; and

■ c. In paragraph (c)(4), add the word “and” after the semicolon.

Subpart C—Progression Lending

■ 7. Revise § 761.103 to read as follows:

§ 761.103 Farm assessment.

(a) The Agency, in collaboration with the applicant, will assess the farming operation to:

(1) Determine the applicant's financial condition, organizational structure, and management strengths and weaknesses;

(2) Identify and prioritize training and progression lending needs; and

(3) Develop a progression lending plan to assist the borrower in achieving

financial viability and transitioning to private commercial credit or other sources of credit at reasonable rates and terms, except for CL.

(b) The initial assessment must evaluate, at a minimum, the:

(1) Farm organization and key personnel qualifications;

(2) Type of farming operation;

(3) The short- and long-term goals of the operation, including a marketing plan, goals to reasonably increase working capital reserves and savings, including reasonable savings for retirement and education, to support operational stability and growth, and goals for progression towards graduation to commercial credit or eventual self-financing;

(4) Adequacy of resources to conduct the farming operation including real estate, facilities, and personal property;

(5) Historical performance, except for streamlined CL and loan transactions processed through AFT;

(6) Farm operating plan, except for loan transactions processed through AFT;

(7) Progression lending plan including a plan for graduation, except for streamlined CL; and

(8) Training plan.

(c) An assessment update must be prepared for each subsequent loan. The update must include a farm operating plan, unless the subsequent loan was processed through AFT, and any other items discussed in paragraph (b) of this section that have significantly changed since the initial assessment.

(d) The Agency reviews the assessment to determine a borrower's progress at least annually, combining any required classification and graduation reviews as part of the review. For streamlined CLs, the borrower must provide a current balance sheet and income tax records. Any negative trends noted between the previous years' and the current years' information must be evaluated and addressed in the assessment of the streamlined CL borrower.

(e) If a CL borrower becomes financially distressed, delinquent, or receives any servicing options available under part 766 of this chapter, all elements of the assessment in paragraph (b) of this section must be addressed.

■ 8. Amend § 761.104 by adding paragraph (i) to read as follows:

§ 761.104 Developing the farm operating plan.

* * * * *

(i) For loan transactions processed through AFT, the likelihood of repayment is evaluated by the financial benchmarking process in lieu of a farm

operating plan. Therefore, the aspects of paragraphs (c), (d), (e), (f), (g), and (h) of this section which require the Agency to verify income, expense, yield, and price planning to create accurate and verifiable cash flow budgets and for the applicant to sign the final farm operating plan do not apply to applications processed through AFT.

■ 9. Amend § 761.105 as follows:

■ a. In paragraph (a)(1), remove the words “or subordination”;

■ b. In paragraph (a)(4), remove the words “2 years” and add “3 years” in their place; and

■ c. Revise paragraph (b).

The revision reads as follows:

§ 761.105 Analysis.

* * * * *

(b) Except when processing a loan transaction under § 765.105(a)(1) through AFT, the analysis must include a review of the previous production cycle's actual income, expense, and production performance, as well as a farm operating plan for the new operating cycle.

Subpart F—Farm Loan Programs Debt Settlement

§ 761.403 [Amended]

■ 10. Amend § 761.403 as follows:

■ a. Remove paragraph (e)(3); and

■ b. Redesignate paragraphs (e)(4) and (e)(5) as paragraphs (e)(3) and (e)(4), respectively.

PART 762—GUARANTEED FARM LOANS

■ 11. The authority citation for part 762 continues to read as follows:

Authority: 5 U.S.C. 301 and 7 U.S.C. 1989.

§ 762.106 [Amended]

■ 12. Amend § 762.106 as follows:

■ a. Amend paragraph (a)(1)(i) by removing the words “and their branch offices which they desire to be considered by the Agency for approval”;

■ b. Remove paragraph (d)(2); and

■ c. Redesignate paragraphs (d)(3) and (d)(4) as paragraphs (d)(2) and (d)(3), respectively.

■ 13. Add § 762.108 to read as follows:

§ 762.108 Delegated authority.

(a) *Purpose.* FSA may delegate authority for certain portions of the guaranteed loan process to qualified guaranteed lenders. This allows the lender to certify compliance with those pre-determined aspects of the guaranteed loan process without the need for a more detailed review by the Agency.

(b) *Scope.* Delegated authority is only applicable for those portions of the

guaranteed loan process specifically identified within this part.

(c) *Eligibility.* (1) All lenders that hold PLP status will receive and exercise delegated authority as outlined in this section.

(2) Delegated authority will be granted to PLP lenders for a period not to exceed the expiration date of their PLP lender's agreement.

(3) Delegated authority will be conditioned upon the lender carrying out its authority in accordance with their agreement with the Agency and credit management system.

(d) *Renewal of delegated authority.* (1) Delegated authority will expire on the expiration date of the lender's PLP agreement unless delegated authority is otherwise revoked according to paragraph (e) of this section.

(2) Renewal of delegated authority is not automatic and is conditioned upon the renewal of the lender's PLP status.

(e) *Revocation of delegated authority.* FSA may revoke a lender's delegated authority at any time for any of the following reasons:

(1) Approving loans that do not meet the Agency's requirements for eligibility, financial feasibility, and loan security;

(2) Failure to maintain any of the eligibility requirements in this section;

(3) Knowingly submitting false or misleading information to the Agency;

(4) Basing a request on information known to be false;

(5) Failure to maintain PLP lender eligibility requirements in § 762.106(c);

(6) Unacceptable portfolio performance as evidenced by delinquency, losses, material deficiencies, or any other performance metric established by the Agency; or

(7) Revocation of PLP status under § 762.106(g).

(f) *Processing timeframes.* Complete applications from lenders exercising delegated authority will be approved or rejected no later than 5 calendar days after receipt if requisite environmental requirements have been met.

(g) *Oversight.* The Agency will monitor lender performance through the regular use of loan level data and lender monitoring reviews. The frequency of such reviews will be announced by the Agency in the Agency's administrative handbooks.

(h) *Administration of delegated authority.* The Agency may adjust, modify, or cancel the use of delegated authority programmatically based on overall considerations such as budget, portfolio performance, and program integrity.

■ 14. Amend § 762.110 as follows:

- a. Add new paragraph (a)(4); and
- b. In paragraph (h), add the following sentence at the end of the paragraph, "The Agency's request for information may be provided electronically."

The addition reads as follows:

§ 762.110 Loan application.

(a) * * *

(4) Lenders may submit applications through any electronic means designated by the Agency and the Agency may provide all notifications and requests for information related to the application to the lender electronically.

* * * * *

- 15. Amend § 762.120 by adding paragraphs (g)(4) and (h)(4) to read as follows:

§ 762.120 Applicant eligibility.

* * * * *

(g) * * *

(4) *Delegated Authority.* Lenders who have received delegated authority under § 762.108 of this part must certify that all requirements of paragraphs (g)(1) through (3) of this section and the related requirements in the lender's credit management system have been met for each loan application.

(h) * * *

(4) *Delegated Authority.* Lenders who have received delegated authority under § 762.108 of this part must certify that all requirements of paragraphs (h) and (h)(1) through (3) of this section and the related requirements in the lender's credit management system have been met for each loan application.

* * * * *

- 16. Amend § 762.123 by revising paragraph (a)(2) to read as follows:

§ 762.123 Insurance and farm inspection requirements.

(a) * * *

(2) By loan closing, applicants must obtain at least the catastrophic risk protection (CAT) level of crop insurance coverage, if available, for each crop of economic significance, as defined by § 400.651 of this title.

* * * * *

- 17. Amend § 762.125 by adding paragraph (e) to read as follows:

§ 762.125 Financial feasibility.

* * * * *

(e) *Delegated Authority.* Lenders who have received delegated authority under § 762.108 of this part must certify that all requirements of this section and the related requirements in the lender's credit management system have been met for each loan application.

- 18. Amend § 762.126 as follows:

- a. Amend paragraph (e)(1) by removing the word "chattel-secured" and adding "personal property-secured" in its place and by removing the word "chattels" and adding "personal property" in its place; and
- b. Redesignate paragraph (h) as paragraph (i) and add new paragraph (h).

The revision reads as follows:

§ 762.126 Security requirements.

* * * * *

(h) *Delegated Authority.* Lenders who have received delegated authority under § 762.108 of this part must certify that all requirements of this section and the related requirements in the lender's credit management system have been met for each loan application.

* * * * *

§ 762.127 [Amended]

- 19. Amend § 762.127 as follows:

■ a. In paragraphs (a)(1), (b) introductory text, and (b)(1), remove the word "chattel" wherever it appears and add the words "personal property" in its place;

■ b. In paragraphs (b) introductory text and (b)(4), remove the word "Chattel" and add the words "Personal property" in its place;

■ c. In paragraphs (b)(2) and (3), remove the words "chattel property" and add "personal property" in their place;

■ d. In paragraph (c)(1), remove the words "\$250,000 or less" and add "less than or equal to \$500,000 or the current OMB threshold, whichever is higher" in their place; and

■ e. In paragraph (c)(2), remove the number "250,000" and add the words "\$500,000 or the current OMB threshold, whichever is higher" in its place.

§ 762.128 [Amended]

- 20. Amend § 762.128 in paragraphs (a) and (c)(3) by removing the words "799 of this chapter" and adding "1b of this title" in their place.

- 21. Amend § 762.130 as follows:

■ a. In paragraph (e) remove the word "chattel" and add "personal property" in its place; and

■ b. Add new paragraph (g).

The addition reads as follows:

§ 762.130 Loan approval and issuing the guarantee.

* * * * *

(g) *Electronic delivery of notification and documents.* Notifications and documents issued by the Agency or provided by the lender under this section may be delivered electronically.

- 22. Amend § 762.140 as follows:

■ a. Add paragraphs (a)(3) and (4); and

■ b. Revise and republish paragraph (b)(5).

The additions and revisions read as follows:

§ 762.140 General servicing responsibilities

(a) * * *

(3) Lenders may submit loan servicing documentation through any electronic means designated by the Agency.

(4) Notifications and documents issued by the Agency related to loan servicing may be delivered to the lender electronically.

(b) * * *

(5) Performing an annual analysis of the borrower's financial condition to determine the borrower's progress. PLP lenders will conduct and document an analysis in accordance with the requirements in the lender's credit management system (CMS). All other lenders will perform an annual analysis on term loans when the sum of all balances on term loans is greater than \$500,000, all line of credit loans, and all loans in monetary or non-monetary default. The annual analysis for non-PLP lenders will be documented in the lender's file and will include:

(i) For loans secured by real estate only, an analysis of the borrower's balance sheet.

(ii) For loans secured by personal property, lenders will also compare the borrower's actual to planned income and expenses for the past year.

(iii) An account of the whereabouts or disposition of all collateral.

* * * * *

■ 23. Amend § 762.141 by revising paragraphs (c) and (d) to read as follows:

§ 762.141 Reporting requirements

* * * * *

(c) CLP lenders also must provide the following:

(1) For all lines of credit and term loans that are in monetary or non-monetary default, a written summary of the lender's annual analysis of the borrower's operation. This summary should describe the borrower's progress and prospects for the upcoming operating cycle.

(2) For lines of credit, the written summary will also include a certification stating that a cash flow projecting at least a feasible plan has been developed, that the borrower is in compliance with the provisions of the line of credit agreement, and that the previous year income and loan funds and security proceeds have been accounted for.

(d) In addition to the requirements of paragraphs (a), (b), and (c) of this section, the standard eligible lender also

will provide the following for all lines of credit and for all term loans that are in monetary or non-monetary default:

(1) Borrower's balance sheet, and income and expense statement for the previous year.

(2) For lines of credit only, the cash flow for the borrower's operation that projects a feasible plan or better for the upcoming operating cycle. The standard eligible lender must receive approval from the Agency before advancing future years' funds on a guaranteed line of credit.

(3) An annual farm visit report or collateral inspection.

* * * * *

■ 24. Amend § 762.146 as follows:

■ a. In paragraph (a)(1), add "unguaranteed" after the words "may make additional"; and

■ b. Revise paragraph (a)(2).

The revisions read as follows:

§ 762.146 Other servicing procedures

(a) * * *

(2) SEL and CLP lenders must not make additional unguaranteed loans or advances, except as provided in the borrower's loan or line of credit agreement, without documenting that:

(i) The borrower's account is in good standing;

(ii) The borrower is continuing to operate in accordance with their latest farm operating plan;

(iii) The borrower's projected cash flow budget continues to reflect a feasible plan;

(iv) The guaranteed loan security will continue to remain either separate and identifiable from and will not be intermingled with security for, or have priority over the security for any subsequent loan; and

(v) Proceeds from the sale of loan security will be applied in order of lien priority.

* * * * *

■ 25. Amend § 762.149 as follows:

■ a. In paragraph (d)(2)(i), remove the word "chattel" and add "personal property" in its place;

■ b. Revise paragraph (f);

■ c. In paragraph (i)(6), add "and negligent origination of the account for loans originated using delegated authority" after the words "negligent servicing of the account"; and

■ d. Add paragraph (i)(6)(iii)

The revision and addition read as follows:

§ 762.149 Liquidation

* * * * *

(f) *Unauthorized loans or advances.* The amount of any payments received or credited by the lender on loans or

advances outside of the guarantee that do not meet the requirements of § 762.146 will be deducted from any loss claim submitted by the lender on the guaranteed loan, if that loan or advance was paid prior to, and to the detriment of, the guaranteed loan.

* * * * *

(i) * * *

(6) * * *

(iii) Originating loans using delegated authority that do not meet the Agency's requirements for eligibility, financial feasibility, and loan security.

* * * * *

PART 763—LAND CONTRACT GUARANTEE PROGRAM

■ 26. The authority citation for part 763 is revised to read as follows:

Authority: 5 U.S.C. 301 and 7 U.S.C. 1989.

§ 763.7 [Amended]

■ 27. Amend § 763.7 in paragraph (b)(12) by removing the words "799 of this chapter" and adding "1b of this title" in their place.

§ 763.16 [Amended]

■ 28. Amend § 763.16 in paragraph (a) by removing the words "799 of this chapter" and adding "1b of this title" in their place.

PART 764—DIRECT LOAN MAKING

■ 29. The authority citation for part 764 continues to read as follows:

Authority: 5 U.S.C. 301 and 7 U.S.C. 1989.

Subpart A—Overview

§ 764.1 [Amended]

■ 30. Amend § 764.1 in paragraph (b)(1) by removing the word "Downpayment" and adding "Down Payment" in its place.

Subpart B—Loan Application Process

§ 764.51 [Amended]

■ 31. Amend § 764.51 in paragraph (b)(7) by removing the words "799 of this chapter" and adding "1b of this title" in their place.

Subpart C—Requirements for All Direct Program Loans

■ 32. Amend § 764.103 as follows:

■ a. Revise paragraph (c);

■ b. In paragraph (e), remove the word "downpayment" and add "down payment" in its place.

The revision reads as follows:

§ 764.103 General security requirements.

* * * * *

(c) An additional amount of security will be required, if available, to reach a 125 percent security margin. Total loan security in excess of what is needed to achieve a security margin of 125 percent will only be taken when it is not practicable to separate the security, including within species of livestock and lines of machinery and equipment, or if necessary to satisfy the requirements of § 764.254(b)(2)(i). Loans that do not require additional security are down payment loans, MLs, youth loans, and FOs for the purchase of a farm where the applicant provides a cash down payment equal to 5 percent or greater of the purchase price and the total financing provided by the Agency and all other creditors does not exceed 95 percent of the purchase price or the value of the real estate, whichever is less. Non-real estate assets will not be taken as additional security for any loan where real estate serves as adequate security.

* * * *

§ 764.105 [Amended]

- 33. Amend § 764.105 as follows:
 - a. In the section heading, remove the word “chattel” and add in its place “personal property”; and
 - b. In the introductory text, remove “chattel” and add “personal property” in its place.

§ 764.106 [Amended]

- 34. Amend § 764.106 in paragraph (b) by removing the words “799 of this chapter” and adding “1b of this title” in their place.
- 35. Revise § 764.107 to read as follows:

§ 764.107 General appraisal requirements.

(a) *Establishing value for real estate.* The value of real estate will be established by a real estate appraisal or real estate evaluation completed in accordance with § 761.7 of this chapter.

(b) *Establishing value for personal property.* The value of personal property will be established as follows:

(1) *Annual production.* Except for loan transactions approved through AFT, the security value of annual livestock and crop production is presumed to be 100 percent of the amount loaned for annual operating and family living expenses, as outlined in the approved farm operating plan.

(2) *Annual production for AFT.* The security value of annual livestock and crop production for loan transactions approved through AFT is not presumed to be 100 percent of the amount loaned for annual operating and family living expenses. The amount of an annual

operating loan approved through AFT will not exceed the lesser of:

(i) 75 percent of the Gross Income reported on Schedule F (or equivalent descriptions from farm income in entity tax returns) for the most recent available tax return; or

(ii) The total gross farm income, which for purposes of this paragraph means all production and income excluding non-farm income in the cash flow projection, submitted by the applicant with the loan application.

(3) *Livestock and equipment.* The value of livestock and equipment will be established by an appraisal completed in accordance with § 761.7 of this chapter.

§ 764.108 [Amended]

- 36. Amend § 764.108 in paragraph (d) by removing the words “, unless the applicant executes a written waiver of any emergency crop loss assistance with respect to such crop”.

Subpart D—Farm Ownership Loan Program

- 37. Amend § 764.154 as follows:

- a. In paragraph (a)(2) remove the word “The” at the beginning of the sentence and add, in its place, the words “Except for those applicants whose loans are approved through AFT, the”;
- b. In paragraph (b)(1) remove the word “Repayment” at the beginning of the fourth sentence and add, in its place, the words “Except for loan transactions approved through AFT, repayment”;
- c. Remove paragraph (b)(2);
- d. Redesignate paragraph (b)(3) as (b)(2);
- e. In the newly redesignated paragraph (b)(2) remove the word “The” at the beginning of the first sentence and add, in its place, the words “Except for loan transactions approved through AFT, the”;
- f. Add new paragraph (b)(3).

The addition reads as follows:

§ 764.154 Rates and terms.

* * * *

(b) * * *

(3) Loans approved through AFT must include equal installments, except that they may include an interest-only installment scheduled up to 12 months from the date of loan closing.

Subpart E—Down Payment Loan Program

- 38. Revise the heading for Subpart E as set forth above.

§ 764.201 [Amended]

- 39. Amend § 764.201 in the introductory text by removing the last instance of the word “farmer”.

Subpart F—Conservation Loan Program

§ 764.234 [Amended]

- 40. Amend § 764.234 in paragraph (b)(2) by removing the word “chattels” and adding “personal property” in its place.

§ 764.235 [Amended]

- 41. Amend § 764.235 in paragraphs (b), (c)(1), and (d)(2) by removing all instances of the word “chattels” and adding “personal property” in its place.

Subpart G—Operating Loan Program

- 42. Amend § 764.254 as follows:

- a. In paragraph (a)(2) remove the word “The” at the beginning of the sentence and add, in its place, the words “Except for those applicants whose loans are approved through AFT, the”;
- b. In paragraph (b)(2) remove the word “Repayment” at the beginning of the fourth sentence and add, in its place, the words “Except for loan transactions approved through AFT, repayment”;
- c. In paragraph (b)(2)(i) add the words “including within species of livestock and lines of machinery and equipment” after “separate the security”;
- d. Remove paragraph (b)(3);
- e. Redesignate paragraph (b)(4) as (b)(3);
- f. In newly redesignated paragraph (b)(3) remove the word “The” at the beginning of the first sentence and add, in its place, the words “Except for loan transactions approved through AFT, the”;
- g. Add new paragraph (b)(4).

The addition reads as follows:

§ 764.254 Rates and terms.

* * * *

(b) * * *

(4) Loans approved through AFT must include equal installments, except they may include an interest-only installment scheduled up to 12 months from the date of loan closing.

Subpart H—Youth Loan Program

- 43. Amend § 764.304 by revising paragraph (b) to read as follows:

§ 764.304 Rates and terms

* * * *

(b) *Terms.* Youth loan terms are the same as for an OL established at § 764.254(b) except:

- (1) Balloon installments are prohibited for youth loans; and
- (2) Unequal installments are prohibited for the purpose of reasonably increasing cash flow margin to increase working capital reserves and savings, including reasonable savings for retirement and education.

Subpart I—Emergency Loan Program**§ 764.351 [Amended]**

■ 44. Amend § 764.351 in paragraph (a)(2) by removing the word “Chattel” and adding “Personal property” in its place and by removing the word “chattel” and adding “personal property” in its place.

§ 764.352 [Amended]

■ 45. Amend § 764.352 in paragraph (i) by removing the word “chattel” and adding “personal property” in its place.

§ 764.353 [Amended]

■ 46. Amend § 764.353 as follows:
 ■ a. In paragraphs (d)(1) and (6), remove all instances of the word “chattel” and add “personal property” in its place; and
 ■ b. In paragraph (e)(1), remove the word “Chattel” and add “Personal” in its place.

§ 764.354 [Amended]

■ 47. Amend § 764.354 as follows:
 ■ a. In paragraph (b)(4), remove the word “chattel” and add “personal property” in its place;
 ■ b. Remove paragraph (b)(6); and
 ■ c. Redesignate paragraph (b)(7) as (b)(6).

§ 764.355 [Amended]

■ 48. Amend § 764.355 in paragraph (b)(2) by removing the word “Chattels” and adding “Personal property” in its place.

Subpart J—Loan Decision and Closing

■ 49. Amend § 764.401 as follows:
 ■ a. Revise paragraph (a)(1)(i);
 ■ b. Add paragraph (a)(3); and
 ■ c. Revise paragraph (b)(1).

The revisions read as follows:

§ 764.401 Loan decision

(a) * * *
 (1) * * *

(i) The applicant can demonstrate a reasonable likelihood of repayment for the proposed loan and all other credit needs through either the AFT evaluation model or a feasible farm operating plan;

* * * * *

(3) All loan transactions other than EM, YL, and loans made in conjunction with other servicing actions are eligible for approval through AFT.

(b) * * *

(1) The applicant’s farm operating plan does not reflect a feasible plan (because the Agency does not review a farm operating plan for an applicant evaluated through AFT, an AFT evaluation alone is not a basis for denial);

* * * * *

§ 764.402 [Amended]

■ 50. Amend § 764.402 as follows:

■ a. In paragraph (a)(2), remove the words “For entity applicants,” at the beginning of the sentence and add, in their place, the words “For all entity applicants including entity applicants approved through AFT,”;
 ■ b. In paragraph (a)(4), remove the word “A” at the beginning of the first sentence and add, in its place, the words “Except for a loan transaction approved through AFT, a”;
 ■ c. In paragraph (c), remove the word “Chattel” and add “Personal property” in its place, and remove the word “chattel” and add “personal property” in its place;
 ■ d. In paragraph (c)(1), remove the word “chattel” and add “personal property” in its place; and
 ■ e. In paragraphs (c)(2) and (e)(3), remove the word “chattel” and add “personal” in its place.

Subpart K—Borrower Training and Training Vendor Requirements

■ 51. Revise § 764.453 to read as follows:

§ 764.453 Agency waiver of training requirements

(a) The Agency will grant a waiver for training in financial management, without further action by the applicant, under the following conditions:

(1) The applicant agrees to complete or submits evidence of successful completion of a course similar to a course approved under section § 764.457 and the Agency determines that additional training is not needed;

(2) The applicant submits evidence which demonstrates to the Agency’s satisfaction the applicant possesses experience and training necessary for a successful and efficient operation; or
 (3) The applicant’s loan was approved through AFT.

(b) If the financial functions of the operation are shared among individual entity members, the Agency will consider the collective knowledge and skills of those individuals when determining whether to waive training requirements.

(c) When considering subsequent loan actions, previous training requirements that have not yet been satisfied may be waived by the Agency should the borrower submit satisfactory evidence in accordance with paragraph (a) of this section.

§ 764.454 [Amended]

■ 52. Amend § 764.454 as follows:

■ a. In paragraph (a), remove the words “at loan closing” and add “prior to loan closing” in their place;

■ b. In paragraph (a)(4), add the words “unless the Agency subsequently grants a waiver as provided in § 764.453” after “training is completed”;

■ c. In paragraph (c)(1), add the word “any” after the words “must include”; and

■ d. In paragraph (d), remove the words “the required training” and add “training provided by a vendor” in their place.

§ 764.459 [Amended]

■ 53. Amend § 764.459, in paragraph (b), in the table, in the third column and second row, remove the word “couse” and add in its place “course”.

PART 765—DIRECT LOAN SERVICING—REGULAR

■ 54. The authority citation for part 765 continues to read as follows:

Authority: 5 U.S.C. 301 and 7 U.S.C. 1989.

Subpart B—Borrowers With Limited Resource Interest Rate Loans**§ 765.51 [Amended]**

■ 55. Amend § 765.51 in paragraph (a) by removing the words “2 years” and adding “3 years” in their place.

Subpart C—Borrower Graduation**§ 765.101 [Amended]**

■ 56. Amend § 765.101 in paragraphs (b)(1) and (3) by removing all instances of the word “chattel” and adding “personal property” in their place.

■ 57. Amend § 765.102 by adding paragraphs (b)(4)(iii) and (b)(4)(iv) as follows:

§ 765.102 Borrower non-compliance with graduation requirements.

* * * * *

(b) * * *

(4) * * *

(iii) For EMs secured by real estate, the Agency will schedule repayment in equal installments over the lesser of the remaining number of years on the loan, the useful life of security, or 25 years.

(iv) For EMs secured only by personal property, the Agency will reschedule repayment in equal installments over the lesser of the remaining number of years on the loan, the useful life of security, or 5 years.

Subpart D—Borrower Payments**§ 765.152 [Amended]**

■ 58. Amend § 765.152 in paragraph (b)(1) by removing the word “chattel” and adding “personal property” in its place.

■ 59. Amend § 765.153 by revising paragraph (a) as follows:

§ 765.153 Application of payments.

(a) *Regular payments.* A regular payment is credited to a scheduled installment on program and non-program loans. Regular payments are applied to loans in the following order unless a different order is agreed to in writing by the borrower and Agency:

* * * * *

§ 765.154 [Amended]

■ 60. Amend § 765.154 as follows:

- a. Remove paragraph (b); and
- b. Redesignate paragraphs (c), (d), and (e) as (b), (c), and (d), respectively.

Subpart E—Protecting the Agency's Security Interest**§ 765.204 [Amended]**

■ 61. Amend § 765.204 in paragraphs (a) and (b) by removing all instances of the word “chattel” and “chattels” and adding “personal property” in their place.

§ 765.205 [Amended]

■ 62. Amend § 765.205 as follows:

- a. In paragraph (a)(3), remove the words “799 of this chapter;” and add “1b of this title; and” in their place;
- b. Remove paragraphs (a)(4) and (a)(5);
- c. Redesignate paragraph (a)(6) as (a)(4);
- d. Remove paragraph (c)(3)(ix);
- e. Redesignate paragraphs (c)(3)(x), (xi), (xii), (xiii), (xiv), (xv), and (xvi) as (c)(3)(ix), (x), (xi), (xii), (xiii), (xiv), and (xv), respectively;
- f. In the newly redesignated paragraph (c)(3)(xii) remove the words “799 of this chapter” and add “1b of this title” in their place;
- g. In paragraph (c)(4), remove the words “paragraphs (b)(3)(viii) through (xvi)” and add “paragraphs (c)(3)(viii) through (xv)” in their place;
- h. In paragraph (d), remove the word “Chattel” and add “Personal property” in its place, and remove the word “chattel” and add “personal property” in its place;
- i. In paragraph (d)(1), remove the word “chattel” and add “personal property” in its place, and remove the words “paragraphs (b)(3)(i) through (xiii)” and add “paragraphs (c)(3)(i) through (xii) and (xv)” in their place; and
- j. In paragraph (d)(2)(iii), remove the words “paragraphs (b)(1) through (12)” and add “paragraphs (c)(3)(i) through (xii) and (xv)” in their place.

§ 765.207 [Amended]

■ 63. Amend § 765.207 in the introductory text by removing the word “chattel” and adding “personal property” in its place.

Subpart F—Required Use and Operation of Agency Security**§ 765.252 [Amended]**

■ 64. Amend § 765.252 as follows:

- a. In paragraph (b)(3)(ii), remove the words “799 of this chapter” and add “1b of this title” in their place; and
- b. In paragraph (c), remove all instances of the word “chattel” and add “personal property” in their place.

Subpart G—[Amended]

■ 65. Amend the title of Subpart G by removing the word “Chattel” and adding “Personal Property” in its place.

§ 765.301 [Amended]

■ 66. Amend § 765.301 in paragraphs (a), (b), and (c) by removing all instances of the word “chattel” and adding “personal property” in their place.

§ 765.303 [Amended]

■ 67. Amend § 765.303 as follows:

- a. In the section heading, remove the word “chattel” and add in its place “personal property”; and
- b. In paragraphs (c)(2) and (3), remove all instances of the word “chattel” and add “personal” in their place.

§ 765.304 [Amended]

■ 68. Amend § 765.304 in paragraph (a) by removing the word “chattel” and adding “personal property” in its place.

■ 69. Amend § 765.305 as follows:

- a. In paragraph (c), remove the word “chattel” and add “personal property” in its place;
- b. In paragraph (c)(2), add the words “not later than 90 days after the scheduled installment due date” after the word “reduction”; and
- c. In paragraph (c)(3), remove the words “and released”; and
- d. In paragraph (c)(4), remove the word “and” at the end of the paragraph;
- e. In paragraph (c)(5), remove the period at the end of the paragraph and add “;and” in its place; and
- f. Add new paragraph (c)(6).

The addition reads as follows:

§ 765.305 Release of security interest.

* * * * *

(c) * * *

(6) The borrower is not in non-monetary default.

Subpart H—Partial Release of Real Estate Security

■ 70. Amend § 765.351 as follows:

- a. In paragraph (a)(6), remove the words “799 of this chapter” and add “1b of this title” in their place;
- b. In paragraph (f)(2), add the words “not later than 90 days after the

scheduled installment due date” after the word “reduction”;

- c. In paragraph (f)(6), remove the words “and released”, and remove the word “appraisals” each time it appears and add, in its place, “valuations”;
- d. In paragraph (f)(7), remove the word “and” at the end of the paragraph;
- e. In paragraph (f)(8), remove the period at the end of the paragraph and add “; and” in its place; and
- f. Add new paragraph (f)(9).

The addition reads as follows:

§ 765.351 Requirements to obtain Agency consent.

* * * * *

(f) * * *

(9) The borrower is not in non-monetary default.

■ 71. Amend § 765.353 as follows:

- a. Revise paragraph (a)(1);
- b. In paragraph (a)(2), add the words “real estate” after “waive the”, and remove the number “\$50,000” and add “the higher of the current OMB appraisal threshold or \$500,000” in its place;
- c. In paragraph (b), remove the words “an appraisal” and add “a real estate appraisal or real estate evaluation” in their place; and
- d. In paragraph (c), remove the word “Appraisal” and add “Valuation” in its place, and remove the word “Appraisals” and add “Valuations” in its place.

The revision reads as follows:

§ 765.353 Determining market value.

(a) * * *

(1) Except when releasing real estate security without compensation under § 765.351(f), the Agency will obtain a valuation of the security proposed for disposition.

* * * * *

Subpart I—Transfer of Security and Assumption of Debt**§ 765.401 [Amended]**

■ 72. Amend § 765.401 in the section heading by removing the word “chattel” and adding “personal property” in its place.

§ 765.403 [Amended]

■ 73. Amend § 765.403 in paragraph (a) by removing the word “chattel” and adding “personal property” in its place.

§ 765.404 [Amended]

■ 74. Amend § 765.404 as follows:

- a. In paragraph (a)(1), remove the words “chattel security property” and add “personal property security” in its place; and

■ b. In paragraph (f)(2), remove the word “chattel” and add “personal” in its place.

PART 766—DIRECT LOAN SERVICING—SPECIAL

■ 75. The authority citation for part 766 continues to read as follows:

Authority: 5 U.S.C. 301, 7 U.S.C. 1989, and 7 U.S.C. 1981d(c).

Subpart C—Loan Servicing Programs

§ 766.101 [Amended]

■ 76. Amend § 766.101 as follows:

- a. In paragraph (c), remove the words “delinquent borrowers” and add “borrowers with a payment at least 90 days past due” in their place, and remove the words “first class” and “regular” wherever they appear, and add “first-class” in their place; and
- b. In paragraph (d)(2), add the words “FSA–2510” before “or FSA–2510–IA”.

§ 766.102 [Amended]

■ 77. Amend § 766.102 in paragraph (a)(4) by removing the words “799 of this chapter” and adding “1b of this title” in their place.

§ 766.107 [Amended]

■ 78. Amend § 766.107 in paragraph (b) by removing the word “chattel” and adding “personal property” in its place.

§ 766.108 [Amended]

■ 79. Amend § 766.108 in paragraph (b)(2)(ii) by removing the word “chattels” and adding “personal property” in its place.

§ 766.111 [Amended]

■ 80. Amend § 766.111 in paragraph (b)(1) by removing the word “ombination” and adding “combination” in its place.

§ 766.112 [Amended]

■ 81. Amend § 766.112 in paragraph (b)(2) by removing the words “799 of this chapter” and adding “1b of this title” in their place.

§ 766.115 [Amended]

■ 82. Amend § 766.115 in paragraph (a)(2) by removing the word “§ 761.7”

and adding the words “paragraph (e)(1) or (e)(2) of § 761.7 for real estate or personal property, respectively,” in its place.

■ 83. Amend § 766.120 as follows:

- a. In paragraph (a)(12), remove the word “and”;
- b. In paragraph (a)(13), remove the period at the end of the paragraph and add “;and” in its place; and
- c. Add paragraph (a)(14).

The addition reads as follows:

§ 766.120 Extending maturity date and installment schedule for direct loans with a balloon payment.

(a) * * *

(14) The written request for an extension is received at least 30 days prior to the balloon payment due date.

* * * * *

Subpart D—Homestead Protection Program

§ 766.152 [Amended]

■ 84. Amend § 766.152 in paragraph (a)(1) by removing the word “chattels” and adding “personal property” in its place.

Subpart E—Servicing Shared Appreciation Agreements and Net Recovery Buyout Agreements

§ 766.202 [Amended]

■ 85. Amend § 766.202 in paragraph (a) by removing the word “§ 761.7” and adding “§ 761.7(b)” in its place.

§ 766.206 [Removed and Reserved]

■ 86. Remove and reserve § 766.206.

Subpart F—Unauthorized Assistance

■ 87. Amend § 766.253 as follows:

- a. Revise paragraph (a)(3); and
- b. In paragraph (a)(3)(v)(C), remove the word “chattel” and add “personal property” in its place.

The revision reads as follows:

§ 766.253 Unauthorized assistance resulting from submission of inaccurate information by borrower or Agency error.

(a) * * *

(3) If the borrower is unable to repay the entire unauthorized amount, the remaining unauthorized portion of the

loan will be converted to a Non-program loan under the following conditions:

* * * * *

Subpart H—Loan Liquidation

§ 766.352 [Amended]

■ 88. Amend § 766.352 as follows:

- a. In the section heading, remove the word “chattel” and add in its place “personal property”; and
- b. In paragraphs (a), (a)(1), and (b), remove all instances of the word “chattel” and add “personal property” in its place.

§ 766.354 [Amended]

■ 89. Amend § 766.354 as follows:

- a. In the section heading, remove the word “chattel” and add in its place “personal property”; and
- b. In paragraphs (a), (b), (b)(2) and (4), and (c)(2), remove all instances of the word “chattel” and add “personal property” in its place.

§ 766.357 [Amended]

■ 90. Amend § 766.357 as follows:

- a. In the section heading, remove the word “chattel” and add in its place “personal property”; and
- b. In paragraph (c), remove the word “chattel” and add “personal property” in its place.

■ 91. Revise appendix A to subpart C as follows:

Appendix A to Subpart C of Part 766—FSA–2510, Notice of Availability of Loan Servicing to Borrowers Who Are 90 Days Past Due

This appendix A contains the notification (form letter) that the Farm Service Agency will send to borrowers who are at least 90 days past due on their loan payments. It provides information about the loan servicing that is available to the borrower. As stated below on the notification, the borrower is to respond within 60 days from receiving the notification (see § 766.101(b)(2) and (d)(2) for the requirements). The notification is provided here as required by 7 U.S.C. 1981d.

BILLING CODE 3411–E2–P

FSA-2510
(10-01-26)

U.S. DEPARTMENT OF AGRICULTURE
Farm Service Agency

Position 4

NOTICE OF AVAILABILITY OF LOAN SERVICING TO BORROWERS WHO ARE 90 DAYS PAST DUE

Date

Borrower's Name
Borrower Name/Address
Borrower Address
City, State, Zip Code

MAILING INSTRUCTIONS

The Farm Service Agency (FSA) is committed to supporting the success of America's farmers and ranchers. In reviewing your Farm Loan Programs (FLP) loan account, we have determined that you are seriously delinquent on your FLP loan payment. This notice informs you of options that may be available to you. FSA's loan servicing options including, primary loan servicing, conservation contract, current market value buyout, homestead protection, and debt settlement may help you repay your loan or retain your farm property and settle your FLP debt.

How to Apply

To apply, you must complete, and provide all items required in section (f), as applicable, within 60 days of the date you receive this notice.

Help in Responding to This Notice

The servicing options available to you may become complicated. You may need assistance in understanding the options available to you and their impact on your operation. An attorney can help assist you in understanding your options or there may be organizations that offer free or low-cost advice to farmers in your state. Contact your State Department of Agriculture or the U.S. Department of Agriculture (USDA) Extension Service for services in your state. You may contact your local service center with any questions.

Note: Agency employees cannot recommend a particular attorney or organization.

Who Will Decide if You Qualify?

After you submit a complete application, FSA will determine if you meet all eligibility requirements and can develop a farm operating plan that shows that you can pay all debts and expenses.

What Happens if You Do Not Bring the Account Current or Apply Within 60 Days?

FSA will accelerate your loans if you do not bring your account current or timely apply for loan servicing. This means FSA will take legal action to collect all the money you owe to FSA under FLP. After acceleration of your loan accounts, FSA will start foreclosure proceedings. FSA will be required to repossess or take legal action to sell your real estate, personal property, crops, livestock, equipment, or any other assets in which FSA has a security interest. FSA will also be required to obtain and file judgments against you and your property or refer your account to the Department of the Treasury for collection.

Included With This Notice You Will Find Information on:

Servicing Options

- (a) Primary loan servicing;
- (b) Conservation contract;
- (c) Current market value buyout;
- (d) Homestead protection;
- (e) Debt settlement;

Application Details

- (f) Application forms, documentation, and information needed to apply;
- (g) How to get copies of Agency handbooks and forms;

Appeal Options

- (h) Reconsideration, mediation, and appeal to The National Appeals Division (NAD);
- (i) Challenging FSA appraisal; and
- (j) Acceleration and foreclosure.

(a) Primary Loan Servicing

Eligibility

You must meet the following eligibility requirements to obtain primary loan servicing:

- (1) You must resolve all non-monetary defaults prior to closing the servicing action.
- (2) If you are also financially distressed or delinquent, it must be due to at least one of the following circumstances beyond your control:
 - (i) Illness, injury, or death of a borrower or other individual who operates the farm;
 - (ii) Natural disaster, adverse weather, disease, or insect damage which caused severe loss of agricultural production;
 - (iii) Widespread economic conditions such as low commodity prices;
 - (iv) Damage or destruction of property essential to the farming operation;
 - (v) Loss of, or reduction in, your or your spouse's essential non-farm income; or
 - (vi) Catastrophic medical expenses for the care of a family member of a borrower or entity member, in the case of an entity borrower.
- (3) You do not have non-essential assets for which the net recovery value is sufficient to pay the delinquent portion of the loan. FSA cannot write-down or write off debt that you could pay with the value of your equity in these assets.
- (4) You must have acted in accordance with your loan agreements in all past dealings with FSA.

Time Limits

If FSA determines that you can develop a feasible plan and are eligible for primary loan servicing, you will have 45 days from the date you receive FSA's offer to accept loan servicing.

Lien Requirements

If you are offered loan servicing and accept the offer, you must agree to give FSA a lien on 125% of your other assets, if available, and you must provide this lien at closing.

Youth Loans

If you have a Youth Loan, it is not eligible for debt write-down, current market value buyout, or limited resource interest rates, but can be rescheduled or deferred. This has no effect on any other loans you may have with FSA.

Loan Consolidation, Rescheduling, and Reamortization

In loan consolidation, the unpaid balance of two or more operating loans can be combined into one larger operating loan.

In loan rescheduling, the repayment schedule may be changed to cure the delinquency and give you new terms to repay loans made for equipment, livestock, or annual operating purposes.

In loan reamortization, the repayment schedule may be changed to cure the delinquency and give you a new schedule of repayment on loans made for real estate purposes.

When loans are consolidated, rescheduled or reamortized, the interest rate will be the lesser of:

- The interest rate for that type of loan on the date a complete servicing application was received;
- The interest rate for that type of loan on the date of restructure; or
- The lowest original loan note rate on any of the original notes being restructured.

In addition, FSA will consider the maximum loan terms.

Limited Resource Interest Rate

Limited resource interest rates are available for certain types of loans. If you have existing loans which are not at the limited resource rate, and a limited resource rate is available, FSA will consider reducing the rate of the loans. The limited resource interest rate can be as low as five percent.

For information about current interest rates, or to understand if you qualify for limited resource rates, contact your local FSA Service Center.

Loan Deferral

Partial or full payments of principal and interest may be temporarily delayed for up to 5 years. You will only be considered for loan deferral if the loan servicing programs discussed above will not allow you to pay all essential family living and farm operating expenses, maintain your property, and pay your debts.

You must be able to show through a farm operating plan that you are unable to pay all essential family living and farm operating expenses, maintain your property, and pay your debts. The farm operating plan must also show that you will be able to pay your full installment at the end of the deferral period.

The interest that accrues during the deferral period must be paid in yearly payments for the rest of the loan term after the deferral period ends.

Debt Write-down

Debt write-down can reduce the principal and interest on your loan. FSA offers a write-down only when the loan servicing programs discussed above and the conservation contract program, if requested, will not result in a feasible plan. To receive debt write-down, the value of your restructured loan must be equal to or greater than the recovery value to FSA from foreclosure and repossession of your security property.

The recovery value is the market value of:

- (1) The collateral pledged as security for FLP loans minus expenses (such as the sale costs, attorneys' fees, management costs, taxes, and payment of prior liens) on the collateral that FSA would have to pay if it foreclosed, or repossessed, and sold the collateral;
- (2) Any collateral that is not in your possession and has not been released for sale by FSA in writing; and
- (3) Any other non-essential assets you may own.

A qualified appraiser determines the value of the collateral and any other assets you own. You may receive a write-down only if you have not previously received any form of debt forgiveness on any other FLP direct loan. The maximum amount of debt that can be written down on all direct loans is \$300,000.

Any debt the borrower owes that FSA has written off, written-down, or charged off will be reported to the Internal Revenue Service in accordance with reporting requirements at 26 U.S.C. 6050 P and the related implementing regulations.

Shared Appreciation Agreement

If you own real estate and receive a debt write-down, you must sign a Shared Appreciation Agreement. The term of the agreement is 5 years. Under the terms of the agreement you must repay all or a part of the amount written down at the maturity of your Shared Appreciation Agreement if your real estate collateral increased in value.

Payment of shared appreciation will be required prior to the maturity of your Shared Appreciation Agreement if you:

- (1) Sell or convey the real estate;
- (2) Stop farming;
- (3) Pay off your entire FLP debt; or
- (4) Have your FLP accounts accelerated by FSA.

If any of these events occur within the first 4 years of the Shared Appreciation you will be required to pay 75 percent of the increase in value of the real estate. If any of these events occur after the fourth anniversary of the agreement, or if the Shared Appreciation Agreement matures without having previously been fully triggered, you will have to pay only 50 percent of the increase in value. You will not have to pay more than the amount of the debt written down.

(b) Conservation Contract

You may request a conservation contract to protect highly erodible land, wetlands, or wildlife habitats located on your real estate property that serves as security for your FLP debt. In exchange for such contract, FSA would reduce your FLP debt. The amount of land left after the contract must be sufficient to continue your farming operation.

(c) Current Market Value Buyout

If the analysis of your debt shows that you cannot achieve a feasible plan even if the present value of your FLP debt is reduced to the value of the security, FSA may offer you buyout of your FLP debt. You would pay the market value of all FLP security and non-essential assets, minus any prior liens. The market value is determined by a current appraisal completed by a qualified appraiser. In exchange, your loans would be satisfied.

Limits

To receive a current market value buyout offer:

- (1) You must not have previously received any form of debt forgiveness from FSA on any other direct FLP loan;
- (2) The maximum debt to be written off with buyout does not exceed \$300,000; and
- (3) You must not have non-essential assets with a net recovery value sufficient to pay your account current.

Eligibility

To qualify, you must prove that:

- (1) You cannot repay your delinquent FLP debt due to circumstances beyond your control; and
- (2) You have acted in all past dealings with FSA in accordance with your loan agreements.

Time Limits

To buy out your FLP debt at the current market value, you must pay FSA within 90 days of the date you receive the offer.

Method of Payment

To buy out your FLP debt at the current market value, you must pay by cashier's check, certified check or U.S. Treasury check. The checks should be made payable to FSA and provided to your local FSA servicing office for processing. FSA will not make or guarantee a loan for this purpose.

Any debt the borrower owes that FSA has written off, written-down, or charged off will be reported to the Internal Revenue Service in accordance with reporting requirements at 26 U.S.C. 6050 P and the related implementing regulations.

(d) Homestead Protection

Under the homestead protection program, you may repurchase your primary residence, certain outbuildings, and up to 10 acres of land. If you cannot pay by cashier's check or U.S. Treasury check or Agency financing is not available, you may lease your primary residence. The lease will include an option for you to purchase the property you lease.

This program may apply when primary loan servicing, the conservation contract program, or current market value buyout is not available or not accepted.

You must agree to give FSA title to your land at the time FSA signs the Homestead Protection Agreement with you. FSA will compute the costs of taking title including the cost of paying other creditors with outstanding liens on the property. FSA will take title only if it can obtain a positive recovery.

Eligibility Requirements

- (1) Your gross annual income from the farming operation must have been similar to other comparable operations in your area in at least 2 of the last 6 years.
- (2) Sixty percent (60%) of your gross annual income in at least 2 of the last 6 years must have come from the farming operation.
- (3) You must have lived in your homestead property for 6 years immediately before your application. If you had to leave for less than 12 months during the 6-year period and you had no control over the circumstances, you may still qualify.
- (4) You must be the owner of the property immediately prior to FSA obtaining the title.

Property Restrictions and Easements

FSA may place restrictions or easements on your property which restrict your use if the property is located in a special area or has special characteristics. These restrictions and easements will be placed in leases and in deeds on properties containing wetlands, floodplains, endangered species, wild and scenic rivers, historic and cultural properties, coastal barriers, and highly erodible lands.

Leasing the Homestead Property

- (1) You must pay rent to FSA to lease the property determined eligible for homestead protection. The rent FSA charges will be similar to comparable property in your area.
- (2) You must maintain the property in good condition during the term of the lease.
- (3) You may lease the property for up to 5 years but no less than 3 years.
- (4) You cannot sublease the property.
- (5) If you do not make the rental payments to FSA, FSA will cancel the lease and take legal action.
- (6) Lease payments are not applied toward the final purchase price of the property.

Purchasing the Homestead Protection Property

You can repurchase your homestead property at market value at any time during the lease. The market value of the property will be decided by a qualified appraiser and will reflect the value of the land after any placement of a restriction or easement such as a wetland conservation easement.

(e) Debt Settlement

You can apply for debt settlement at any time; however, these programs are usually only used after it has been determined that primary loan servicing programs and the conservation contract program cannot help you. Under the debt settlement programs, the FLP debt you owe FSA may be settled for less than the amount you owe. These programs are subject to the discretion of FSA and are not a matter of entitlement or right. If you do not have any Agency security, you may apply for debt settlement only. If you do not apply, or do not receive approval of a debt settlement request, your FLP loan accounts will be forwarded to the Department of the Treasury for collection.

Settlement Alternatives

Settlement alternatives include:

- (1) Compromise: A lump-sum payment of less than the total FLP debt owed;
- (2) Adjustment: Two or more payments of less than the total amount owed to FSA. Payments can be spread out over a maximum of 5 years if FSA determines you will be able to make the payments as they become due; and
- (3) Cancellation: Satisfaction of Agency debt without payment.

Processing and Requirements

If you sell loan collateral, you must apply the proceeds from the sale to your FLP loans before you can be considered for debt settlement. In the case of compromise or adjustment you may keep your collateral, if you pay FSA the market value of your collateral along with any additional amount FSA determines you are able to pay.

Debt amounts which are collectible through administrative offset, judgment, or by the Department of the Treasury will not be settled through debt settlement procedures. You must certify that you do not have assets or income in addition to what you stated in your application. If you qualify, your application must also be approved by the State Executive Director or the Administrator, depending on the amount of the debt to be settled.

Any loss to the government will be reported to the Internal Revenue Service in accordance with reporting requirements at 26 U.S.C. 6050 P.

Application Details

(f) Forms, Documentation, and Information Needed to Apply

A complete application for primary loan servicing must include items (1) through (7). Additional information is required as noted if you want to be considered for the conservation contract program or debt settlement programs. If you need help to complete the required forms, you may request an FSA official to assist you. The forms for requirements (1) through (4) and (9) are included with this package.

- (1) FSA-2001, "Application for Direct Loan Assistance." This form is required with application submission.
- (2) Financial records for the 3 most recent years, including income tax returns. Financial records will be submitted using FSA-2002 or similar format.
- (3) Farm production records for the 3 most recent years. Farm production records will be submitted using FSA-2003 or similar format.
- (4) Verification of all non-farm income. You may submit any of the following:
 - FSA-2014 sent by FSA to your employer
 - 2 most recent earning statements
 - Tax forms such as 1099 or W-2
 - Bank statements verifying income

Note: Self-employment non-farm income may be verified using 3 years of income tax returns.

- (5) Copies of real estate leases are required (if applicable to the farm operation).
- (6) AD-1026, "Highly Erodible Land Conservation (HELC) and Wetland Conservation (WC) Certification." You will be required to complete this form if the one you have on file does not reflect all the land you own and lease.
- (7) NRCS-CPA-026e, "Highly Erodible Land and Wetland Conservation Determination." This form must be obtained from and completed by the Natural Resources Conservation Service office, if not already on file with FSA.
- (8) If you are applying for a conservation contract, a map or aerial photo is required of your farm identifying the portion of the land and approximate number of acres to be considered.
- (9) FSA-2732, "Debt Settlement Application." Complete this form only if you wish to apply for debt settlement. You must also comply with any FSA request for additional information needed to process a debt settlement request.

Divorced Spouses

If you are an FLP borrower who has left the farming operation due to divorce, you may request release of liability. To be released of liability after a divorce, you must present FSA with the following within 60 days of receiving this notice:

- (1) A divorce decree or property settlement document which states the remaining party will be responsible for all repayment to FSA;
- (2) Evidence that you have conveyed your ownership interest in FLP security to the remaining party; and
- (3) Evidence that you do not have any repayment ability for the FLP loan through cash, income, or other non-essential assets.

FSA will make a determination on your request and will inform you of the decision within 60 days of receiving your request.

If you are not released of liability, you will need to include all of your relevant financial information if applying for primary loan servicing, homestead protection, or debt settlement programs.

(g) How to Get Copies of FSA Handbooks and Forms

Copies of the forms for requirements in Forms, Documentation and Information section, numbers (1) through (4) and (9) have been included in this package. You may obtain copies of FSA handbooks, which include the pertinent regulations, describing available programs or additional copies of forms from your local FSA Service office.

(h) Reconsideration, Mediation, and Appeal to NAD

Reconsideration, mediation, and appeal rights pursuant to 7 CFR parts 780 and 11, respectively, will be provided to you if FSA makes an adverse decision on your request for loan servicing or prior to acceleration of your account.

Reconsideration – according to FSA’s appeal procedures in 7 CFR part 780.

Mediation – according to FSA’s appeal procedures in 7 CFR part 780.

Appeal to NAD – according to the NAD appeal procedures in 7 CFR part 11.

(i) Challenging FSA Appraisal

If you timely submit a complete application for primary loan servicing, but disagree with the appraisal used by the FSA for processing your request, you may 1) obtain a Uniform Standards of Professional Appraisal Practice compliant technical appraisal review by a State Certified General Appraiser of the FSA appraisal and submit it to FSA prior to reconsideration or an appeal hearing, 2) obtain an independent appraisal, and 3) possibly negotiate the appraised value based on the specifics of the two appraisals.

If this applies to you, FSA will provide additional information in the notification letter advising you of the Agency’s decision concerning your loan servicing application.

(j) Acceleration and Foreclosure

If you do not appeal an adverse determination, if you appeal, but are denied relief on appeal, or if you do not otherwise resolve your delinquency, FSA will accelerate your loan accounts and will be required to demand payment of the entire debt. You may prevent Agency foreclosure on the loan collateral if, with prior Agency approval, you:

- (1) Sell all loan collateral for not less than its market value and apply all proceeds to your creditors in order of lien priority.
- (2) Transfer the collateral to someone else and have that person assume all or part of your FLP debt, or
- (3) Transfer the collateral to FSA.

If any of these options result in payment of less than the amount you owe, you may apply for debt settlement, even if you applied before and were denied. However, applications for debt settlement filed after the 60-day time period provided in this notice will not delay acceleration, administrative offset, and foreclosure.

If FSA determines that you cannot qualify for debt settlement, you can:

- (1) Pay your FLP loan accounts current;
- (2) Pay your FLP loan accounts in full;
- (3) Request reconsideration, mediation or appeal.

If your real estate security contains your primary residence and becomes inventory property of FSA, homestead protection rights will be provided.

The servicing programs described by this Notice are subject to applicable Agency regulations published at 7 CFR Part 766.

For more information or if you have any questions, please contact [this office or the specific office name] at [County Office Address] or telephone [Phone Number].

1A. Authorized Agency Official Name	1B. Signature	1C. Title

Federal Equal Credit Opportunity Act Statement: The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The Federal agency that administers compliance with this law is the Federal Trade Commission, Equal Credit Opportunity, Washington, D.C. 20580.

Paperwork Reduction Act (PRA) Statement: This information collection is exempted from the Paperwork Reduction Act as specified in 5 CFR 1320.4(a)(2) because the form is used when FSA conducts administrative action against individuals or debtors.

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

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotope, American Sign Language, etc.) should contact the State or local Agency that administers the program or contact USDA through the Telecommunications Relay Service at 711 (voice and TTY). Additionally, program information may be made available in languages other than English.

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

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

BILLING CODE 3411-E2-C

■ 92. Revise appendix B to subpart C to read as follows:

Appendix B to Subpart C of Part 766— FSA-2510-1A, Notice of Availability of Loan Servicing to Borrowers Who Are 90 Days Past Due (for Use in Iowa Only)

This appendix contains the notification (form letter) that the Farm Service Agency will send to borrowers with loans in Iowa who are at least 90 days past due on their loan payments.

It provides information about the loan servicing that is available to the borrower. As stated below on the notification, the borrower is to respond within 60 days from receiving the notification (see § 766.101(b)(2) and (d)(2) for the requirements). The notification is provided here as required by 7 U.S.C. 1981d.

FSA-2510 IA
(10-01-26)

U.S. DEPARTMENT OF AGRICULTURE
Farm Service Agency

Position 4

NOTICE OF AVAILABILITY OF LOAN SERVICING TO BORROWERS WHO ARE 90 DAYS PAST DUE

Date

Borrower's Name
Borrower Name/Address
Borrower Address
City, State, Zip Code

MAILING INSTRUCTIONS

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Note: Agency employees cannot recommend a particular attorney or organization.

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 - (iii) Widespread economic conditions such as low commodity prices;
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 - (vi) Catastrophic medical expenses for the care of a family member of a borrower or entity member, in the case of an entity borrower.
- (3) You do not have non-essential assets for which the net recovery value is sufficient to pay the delinquent portion of the loan. FSA cannot write-down or write off debt that you could pay with the value of your equity in these assets.
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When loans are consolidated, rescheduled or reamortized, the interest rate will be the lesser of:

- The interest rate for that type of loan on the date a complete servicing application was received;
- The interest rate for that type of loan on the date of restructure; or
- The lowest original loan note rate on any of the original notes being restructured.

In addition, FSA will consider the maximum loan terms.

Limited Resource Interest Rate

Limited resource interest rates are available for certain types of loans. If you have existing loans which are not at the limited resource rate, and a limited resource rate is available, FSA will consider reducing the rate of the loans. The limited resource interest rate can be as low as five percent.

For information about current interest rates, or to understand if you qualify for limited resource rates, contact your local FSA Service Center.

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You must be able to show through a farm operating plan that you are unable to pay all essential family living and farm operating expenses, maintain your property, and pay your debts. The farm operating plan must also show that you will be able to pay your full installment at the end of the deferral period.

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The recovery value is the market value of:

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- (2) Any collateral that is not in your possession and has not been released for sale by FSA in writing; and
- (3) Any other non-essential assets you may own.

A qualified appraiser determines the value of the collateral and any other assets you own. You may receive a write-down only if you have not previously received any form of debt forgiveness on any other FLP direct loan. The maximum amount of debt that can be written down on all direct loans is \$300,000.

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- (1) Sell or convey the real estate;
- (2) Stop farming;
- (3) Pay off your entire FLP debt; or
- (4) Have your FLP accounts accelerated by FSA.

If any of these events occur within the first 4 years of the Shared Appreciation you will be required to pay 75 percent of the increase in value of the real estate. If any of these events occur after the fourth anniversary of the agreement, or if the Shared Appreciation Agreement matures without having previously been fully triggered, you will have to pay only 50 percent of the increase in value. You will not have to pay more than the amount of the debt written down.

(b) Conservation Contract

You may request a conservation contract to protect highly erodible land, wetlands, or wildlife habitats located on your real estate property that serves as security for your FLP debt. In exchange for such contract, FSA would reduce your FLP debt. The amount of land left after the contract must be sufficient to continue your farming operation.

(c) Current Market Value Buyout

If the analysis of your debt shows that you cannot achieve a feasible plan even if the present value of your FLP debt is reduced to the value of the security, FSA may offer you buyout of your FLP debt. You would pay the market value of all FLP security and non-essential assets, minus any prior liens. The market value is determined by a current appraisal completed by a qualified appraiser. In exchange, your loans would be satisfied.

Limits

To receive a current market value buyout offer:

- (1) You must not have previously received any form of debt forgiveness from FSA on any other direct FLP loan;
- (2) The maximum debt to be written off with buyout does not exceed \$300,000; and
- (3) You must not have non-essential assets with a net recovery value sufficient to pay your account current.

Eligibility

To qualify, you must prove that:

- (1) You cannot repay your delinquent FLP debt due to circumstances beyond your control; and
- (2) You have acted in all past dealings with FSA in accordance with your loan agreements.

Time Limits

To buy out your FLP debt at the current market value, you must pay FSA within 90 days of the date you receive the offer.

Method of Payment

To buy out your FLP debt at the current market value, you must pay by cashier's check, certified check or U.S. Treasury check. The checks should be made payable to FSA and provided to your local FSA servicing office for processing. FSA will not make or guarantee a loan for this purpose.

Any debt the borrower owes that FSA has written off, written-down, or charged off will be reported to the Internal Revenue Service in accordance with reporting requirements at 26 U.S.C. 6050 P and the related implementing regulations.

(d) Homestead Protection

Under the homestead protection program, you may repurchase your primary residence, certain outbuildings, and up to 40 acres of land. If you cannot pay by cashier's check or U.S. Treasury check or Agency financing is not available, you may lease your primary residence. The lease will include an option for you to purchase the property you lease.

This program may apply when primary loan servicing, the conservation contract program, or current market value buyout is not available or not accepted.

You must agree to give FSA title to your land at the time FSA signs the Homestead Protection Agreement with you. FSA will compute the costs of taking title including the cost of paying other creditors with outstanding liens on the property. FSA will take title only if it can obtain a positive recovery.

Eligibility Requirements

- (1) Your gross annual income from the farming operation must have been similar to other comparable operations in your area in at least 2 of the last 6 years.
- (2) Sixty percent (60%) of your gross annual income in at least 2 of the last 6 years must have come from the farming operation.
- (3) You must have lived in your homestead property for 6 years immediately before your application. If you had to leave for less than 12 months during the 6-year period and you had no control over the circumstances, you may still qualify.
- (4) You must be the owner of the property immediately prior to FSA obtaining the title.

Property Restrictions and Easements

FSA may place restrictions or easements on your property which restrict your use if the property is located in a special area or has special characteristics. These restrictions and easements will be placed in leases and in deeds on properties containing wetlands, floodplains, endangered species, wild and scenic rivers, historic and cultural properties, coastal barriers, and highly erodible lands.

Leasing the Homestead Property

- (1) You must pay rent to FSA to lease the property determined eligible for homestead protection. The rent FSA charges will be similar to comparable property in your area.
- (2) You must maintain the property in good condition during the term of the lease.
- (3) You may lease the property for up to 5 years but no less than 3 years.
- (4) You cannot sublease the property.
- (5) If you do not make the rental payments to FSA, FSA will cancel the lease and take legal action.
- (6) Lease payments are not applied toward the final purchase price of the property.

Purchasing the Homestead Protection Property

You can repurchase your homestead property at market value at any time during the lease. The market value of the property will be decided by a qualified appraiser and will reflect the value of the land after any placement of a restriction or easement such as a wetland conservation easement.

(e) Debt Settlement

You can apply for debt settlement at any time; however, these programs are usually only used after it has been determined that primary loan servicing programs and the conservation contract program cannot help you. Under the debt settlement programs, the FLP debt you owe FSA may be settled for less than the amount you owe. These programs are subject to the discretion of FSA and are not a matter of entitlement or right. If you do not have any Agency security, you may apply for debt settlement only. If you do not apply, or do not receive approval of a debt settlement request, your FLP loan accounts will be forwarded to the Department of the Treasury for collection.

Settlement Alternatives

Settlement alternatives include:

- (1) Compromise: A lump-sum payment of less than the total FLP debt owed;
- (2) Adjustment: Two or more payments of less than the total amount owed to FSA. Payments can be spread out over a maximum of 5 years if FSA determines you will be able to make the payments as they become due; and
- (3) Cancellation: Satisfaction of Agency debt without payment.

Processing and Requirements

If you sell loan collateral, you must apply the proceeds from the sale to your FLP loans before you can be considered for debt settlement. In the case of compromise or adjustment you may keep your collateral, if you pay FSA the market value of your collateral along with any additional amount FSA determines you are able to pay.

Debt amounts which are collectible through administrative offset, judgment, or by the Department of the Treasury will not be settled through debt settlement procedures. You must certify that you do not have assets or income in addition to what you stated in your application. If you qualify, your application must also be approved by the State Executive Director or the Administrator, depending on the amount of the debt to be settled.

Any debt the borrower owes that FSA has written off, written-down, or charged off will be reported to the Internal Revenue Service in accordance with reporting requirements at 26 U.S.C. 6050 P and the related implementing regulations.

Application Details

(f) Forms, documentation, and information needed to apply

A complete application for primary loan servicing must include items (1) through (7). Additional information is required as noted if you want to be considered for the conservation contract program or debt settlement programs. If you need help to complete the required forms, you may request an FSA official to assist you. The forms for requirements (1) through (4) and (9) are included with this package.

- (1) FSA-2001, "Application for Direct Loan Assistance." This form is required with application submission.
- (2) Financial records for the 3 most recent years, including income tax returns. Financial records will be submitted using FSA-2002 or similar format.
- (3) Farm production records for the 3 most recent years. Farm production records will be submitted using FSA-2003 or similar format.
- (4) Verification of all non-farm income. You may submit any of the following:
 - FSA-2014 sent by FSA to your employer
 - 2 most recent earning statements
 - Tax forms such as 1099 or W-2
 - Bank statements verifying income

Note: Self-employment non-farm income may be verified using 3 years of income tax returns.

- (5) Copies of real estate leases are required (if applicable to the farm operation).
- (6) AD-1026, "Highly Erodible Land Conservation (HELC) and Wetland Conservation (WC) Certification." You will be required to complete this form if the one you have on file does not reflect all the land you own and lease.
- (7) NRCS-CPA-026e, "Highly Erodible Land and Wetland Conservation Determination." This form must be obtained from and completed by the Natural Resources Conservation Service office, if not already on file with FSA.
- (8) If you are applying for a conservation contract, a map or aerial photo is required of your farm identifying the portion of the land and approximate number of acres to be considered.
- (9) FSA-2732, "Debt Settlement Application." Complete this form only if you wish to apply for debt settlement. You must also comply with any FSA request for additional information needed to process a debt settlement request.

Divorced Spouses

If you are an FLP borrower who has left the farming operation due to divorce, you may request release of liability. To be released of liability after a divorce, you must present FSA with the following within 60 days of receiving this notice:

- (1) A divorce decree or property settlement document which states the remaining party will be responsible for all repayment to FSA;
- (2) Evidence that you have conveyed your ownership interest in FLP security to the remaining party; and
- (3) Evidence that you do not have any repayment ability for the FLP loan through cash, income, or other non-essential assets.

FSA will make a determination on your request and will inform you of the decision within 60 days of receiving your request.

If you are not released of liability, you will need to include all of your relevant financial information if applying for primary loan servicing, homestead protection, or debt settlement programs.

(g) How to Get Copies of FSA Handbooks and Forms

Copies of the forms for requirements in Forms, Documentation and Information section, numbers (1) through (4) and (9) have been included in this package. You may obtain copies of FSA handbooks, which include the pertinent regulations, describing available programs or additional copies of forms from your local FSA Service office.

(h) Reconsideration, Mediation, and Appeal to NAD

Reconsideration, mediation, and appeal rights pursuant to 7 CFR parts 780 and 11, respectively, will be provided to you if FSA makes an adverse decision on your request for loan servicing or prior to acceleration of your account.

Reconsideration— according to FSA's appeal procedures in 7 CFR part 780.

Mediation— according to FSA's appeal procedures in 7 CFR part 780.

Appeal to NAD— according to the NAD appeal procedures in 7 CFR part 11.

(i) Challenging FSA Appraisal

If you timely submit a complete application for primary loan servicing, but disagree with the appraisal used by the FSA for processing your request, you may 1) obtain a Uniform Standards of Professional Appraisal Practice compliant technical appraisal review by a State Certified General Appraiser of the FSA appraisal and submit it to FSA prior to reconsideration or an appeal hearing, 2) obtain an independent appraisal, and 3) possibly negotiate the appraised value based on the specifics of the two appraisals.

If this applies to you, FSA will provide additional information in the notification letter advising you of the Agency's decision concerning your loan servicing application.

(j) Acceleration and Foreclosure

If you do not appeal an adverse determination, if you appeal, but are denied relief on appeal, or if you do not otherwise resolve your delinquency, FSA will accelerate your loan accounts and will be required to demand payment of the entire debt. You may prevent Agency foreclosure on the loan collateral if, with prior Agency approval, you:

- (1) Sell all loan collateral for not less than its market value and apply all proceeds to your creditors in order of lien priority.
- (2) Transfer the collateral to someone else and have that person assume all or part of your FLP debt, or
- (3) Transfer the collateral to FSA.

If any of these options result in payment of less than the amount you owe, you may apply for debt settlement, even if you applied before and were denied. However, applications for debt settlement filed after the 60-day time period provided in this notice will not delay acceleration, administrative offset, and foreclosure.

If FSA determines that you cannot qualify for debt settlement, you can:

- (1) Pay your FLP loan accounts current;
- (2) Pay your FLP loan accounts in full;
- (3) Request reconsideration, mediation or appeal.

If your real estate security contains your primary residence and becomes inventory property of FSA, homestead protection rights will be provided.

The servicing programs described by this Notice are subject to applicable Agency regulations published at 7 CFR Part 766.

For more information or if you have any questions, please contact [this office or the specific office name] at [County Office Address] or telephone [Phone Number].

1A. Authorized Agency Official Name	1B. Signature	1C. Title

Federal Equal Credit Opportunity Act Statement: The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The Federal agency that administers compliance with this law is the Federal Trade Commission, Equal Credit Opportunity, Washington, D.C. 20580.

Paperwork Reduction Act (PRA) Statement: This information collection is exempted from the Paperwork Reduction Act as specified in 5 CFR 1320.4(a)(2) because the form is used when FSA conducts administrative action against individuals or debtors.

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

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the State or local Agency that administers the program or contact USDA through the Telecommunications Relay Service at 711 (voice and TTY). Additionally, program information may be made available in languages other than English.

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

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

PART 767—INVENTORY PROPERTY MANAGEMENT

■ 93. The authority citation for part 767 continues to read as follows:

Authority: 5 U.S.C. 301 and 7 U.S.C. 1989.

Subpart A—Overview**§ 767.1 [Amended]**

■ 94. Amend § 767.1 in paragraph (a)(4) by removing the word “chattel” and adding “personal” in its place.

Subpart D—Disposal of Inventory Property**§ 767.155 [Amended]**

■ 95. Amend § 767.155 as follows:

■ a. In the section heading, remove the word “chattel” and add in its place “personal”; and

■ b. In paragraphs (a)(1) and (2), and (b), remove all instances of the word “chattel” and add “personal property” in their place.

Subpart E—Real Estate Property With Important Resources or Located in Special Hazard Areas**§ 767.201 [Amended]**

■ 96. Amend § 767.201 in the introductory paragraph by removing the words “799 of this chapter” and adding “1b of this title” in their place.

PART 768—EQUITABLE RELIEF

■ 97. The authority citation for part 768 continues to read as follows:

Authority: 5 U.S.C. 301 and 7 U.S.C. 1989.

§ 768.1 [Amended]

■ 98. Amend § 768.1 in paragraph (a)(3)(i), by removing the words “noncompliant; or” and adding “non-compliant.” in their place.

PART 770—INDIAN TRIBAL LANDS ACQUISITION LOANS

■ 99. The authority citation for part 770 continues to read as follows:

Authority: 5 U.S.C. 301 and 25 U.S.C. 5136.

§ 770.5 [Amended]

■ 100. Amend § 770.5 in paragraph (a) by removing the words “799 of this chapter” and adding “1b of this title” in their place.

PART 772—SERVICING MINOR LOAN PROGRAMS

■ 101. The authority citation for part 772 continues to read as follows:

Authority: 5 U.S.C. 301, 7 U.S.C. 1989, and 25 U.S.C. 490.

§ 772.4 [Amended]

■ 102. Amend § 772.4 in the introductory text by removing the number “799” and adding “1b” in its place.

§ 772.5 [Amended]

■ 103. Amend § 772.5 in paragraphs (b) and (c)(1) by removing all instances of the word “chattel” and adding “personal property” in their place.

§ 772.6 [Amended]

■ 104. Amend § 772.6 in paragraph (a)(6) by removing the words “799 of this chapter” and adding “1b of this title” in their place.

§ 772.8 [Amended]

■ 105. Amend § 772.8 in paragraph (b) by removing the word “chattel” and adding “personal property” in its place.

PART 773—[Removed and Reserved]

■ 106. Remove and reserve part 773.

PART 774—[Removed and Reserved]

■ 107. Remove and reserve part 774.

William Beam,

Administrator, Farm Service Agency.

[FR Doc. 2026–18164 Filed 9–3–26; 8:45 am]

BILLING CODE 3411–E2–P

DEPARTMENT OF TRANSPORTATION**Federal Aviation Administration****14 CFR Part 71**

[Docket No. FAA–2026–7824; Airspace Docket No. 26–AEA–10]

RIN 2120–AA66

Revocation of Class E Airspace; Point Pleasant, WV

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule.

SUMMARY: This action revokes the Class E airspace at Point Pleasant, WV. This action is due to the cancellation of the instrument procedures at Mason County Airport, Point Pleasant, WV. This action brings the airspace into compliance with FAA orders and supports instrument flight rule (IFR) procedures and operations.

DATES: Effective 0901 UTC, December 24, 2026. The Director of the Federal Register approves this incorporation by reference action under 1 CFR part 51, subject to the annual revision of FAA Order JO 7400.11 and publication of conforming amendments.

ADDRESSES: A copy of the notice of proposed rulemaking (NPRM), all comments received, this final rule, and all background material may be viewed online at www.regulations.gov using the FAA Docket number. Electronic retrieval help and guidelines are available on the website. It is available 24 hours each day, 365 days each year. An electronic copy of this document may also be downloaded from www.federalregister.gov.

FAA Order JO 7400.11K, Airspace Designations and Reporting Points, and subsequent amendments can be viewed online at www.faa.gov/air_traffic/publications/. You may also contact the Rules and Regulations Group, Office of Policy, Federal Aviation Administration, 800 Independence Avenue SW, Washington, DC 20591; telephone: (202) 267–8783.

FOR FURTHER INFORMATION CONTACT: Jeffrey Claypool, Federal Aviation Administration, Operations Support Group, Central Service Center, 10101 Hillwood Parkway, Fort Worth, TX 76177; telephone (817) 222–5711.

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 removes the Class E airspace at the affected airport that is no longer needed.

History

The FAA published an NPRM for Docket No. FAA–2026–7824 in the **Federal Register** (91 FR 42684; July 10, 2026) proposing to revoke the Class E airspace at Point Pleasant, WV. Interested parties were invited to participate in this rulemaking effort by submitting written comments on the proposal to the FAA. No comments were received.

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 amends the current version of that order, FAA Order JO 7400.11K, dated August 4, 2025, and effective September 15, 2025. These amendments will 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 Rule

This action amends 14 CFR part 71 by removing the Class E airspace extending upward from 700 ft. above the surface at Mason County Airport, Point Pleasant, West Virginia due to the cancellation of the instrument procedures and the airspace no longer being required.

Regulatory Notices and Analyses

The FAA has determined that this regulation only involves an established body of technical regulations for which frequent and routine amendments are necessary to keep them operationally current. It, therefore: (1) is not a “significant regulatory action” under Executive Order 12866; (2) is not a “significant rule” under DOT Order 2100.6B, “Policies and Procedures for Rulemakings” (March 10, 2025); and (3) 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 amendments are routine and the expected impact to operators is de minimis, the FAA certifies that this rule, when promulgated, does not have a significant economic impact on a substantial number of small entities under the criteria of the Regulatory Flexibility Act.

Environmental Review

The FAA has determined that this action qualifies for categorical exclusion under the National Environmental Policy Act in accordance with FAA Order 1050.1G, “FAA National Environmental Policy Act Implementing Procedures,” Paragraph B–2.5(a). This airspace action is not expected to cause any potentially significant environmental impacts, and no extraordinary circumstances exist that warrant preparation of an environmental assessment.

Lists of Subjects in 14 CFR 71

Airspace, Incorporation by reference, Navigation (air).

The Amendment

In consideration of the foregoing, the Federal Aviation Administration amends 14 CFR part 71 as follows:

PART 71—DESIGNATION OF CLASS A, B, C, D, AND E AIRSPACE AREAS; AIR TRAFFIC SERVICE ROUTES; AND REPORTING POINTS

■ 1. The authority citation for 14 CFR Part 71 continues to read as follows:

Authority: 49 U.S.C. 106(f), 106(g), 40103, 40113, 40120; E.O. 10854, 24 FR 9565, 3 CFR, 1959–1963 Comp., p. 389.

§ 71.1 [Amended]

■ 2. The incorporation by reference in 14 CFR 71.1 of FAA Order JO 7400.11K, Airspace Designations and Reporting Points, dated August 4, 2025, and effective September 15, 2025, is amended as follows:

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

* * * * *

AEA WV E5 Point Pleasant, WV [Remove]

* * * * *

Issued in Fort Worth, Texas, on September 2, 2026.

Courtney E. Johns,

*Acting Manager, Operations Support Group,
ATO Central Service Center.*

[FR Doc. 2026–18126 Filed 9–3–26; 8:45 am]

BILLING CODE 4910–13–P

DEPARTMENT OF THE TREASURY

Financial Crimes Enforcement Network

31 CFR Part 1010

Geographic Targeting Order Imposing Recordkeeping and Reporting Requirements on Certain Money Services Businesses Along the Southwest Border

AGENCY: Financial Crimes Enforcement Network (FinCEN), Treasury.

ACTION: Order.

SUMMARY: FinCEN is issuing this Geographic Targeting Order, requiring certain money services businesses along the southwest border of the United States to report and retain records of transactions in currency of \$1,000 or more, but not more than \$10,000, and to verify the identity of persons presenting such transactions.

DATES:

Effective date: This action is effective September 3, 2026.

Compliance date: The compliance date for persons that were not Covered

Businesses under the Geographic Targeting Order published by FinCEN on March 10, 2026 (91 FR 11456), is October 3, 2026.

FOR FURTHER INFORMATION CONTACT: FinCEN’s Regulatory Support Section by submitting an inquiry at www.fincen.gov/contact.

SUPPLEMENTARY INFORMATION:

I. Background

If the Secretary of the Treasury (Secretary) finds, upon his own initiative or at the request of an appropriate Federal or State law enforcement official, that reasonable grounds exist for concluding that additional recordkeeping and reporting requirements are necessary to carry out the purposes of the Bank Secrecy Act (BSA)¹ or to prevent evasions thereof, the Secretary may issue a Geographic Targeting Order (GTO) requiring any domestic financial institution or group of domestic financial institutions, or any domestic nonfinancial trade or business or group of domestic nonfinancial trades or businesses, in a geographic area to obtain such information as the Secretary may describe in such GTO concerning any transaction in which such financial institution or nonfinancial trade or business is involved in for the payment, receipt, or transfer of funds (as the Secretary may describe in such GTO), and concerning any other person participating in such transaction.² For any such transaction, the Secretary may require the financial institution or nonfinancial trade or business to maintain a record and/or file a report in the manner and to the extent specified.³ The maximum effective period for a GTO is 180 days unless renewed.⁴ The authority of the Secretary to issue a GTO has been delegated to the Director of FinCEN (Director).⁵

The Director finds that reasonable grounds exist for concluding that the additional recordkeeping and reporting requirements set forth in the GTO contained in this document (the “Order”) are necessary to carry out the purposes of the BSA or to prevent evasions thereof. This action is being taken in furtherance of Treasury’s efforts

¹ The Bank Secrecy Act, as amended, is codified at 12 U.S.C. 1829b, 1951–1960 and 31 U.S.C. 5311–5314, 5316–5336 and includes other authorities reflected in notes thereto. Regulations implementing the BSA appear at 31 CFR chapter X. The Secretary of the Treasury’s authority to administer the BSA has been delegated to the Director of FinCEN. See Treasury Order 180–01 (Jan. 14, 2020).

² 31 U.S.C. 5326(a); see also 31 CFR 1010.370.

³ 31 U.S.C. 5326(a).

⁴ 31 U.S.C. 5326(d).

⁵ Treasury Order 180–01 (Jan. 14, 2020).

to combat illicit finance by drug cartels and other illicit actors along the southwest border of United States. The Order does not alter any existing BSA obligation of a Covered Business (as defined in the Order), except as otherwise noted in the Order itself. Thus, for example, a Covered Business must continue to file Currency Transaction Reports (CTRs) for transactions in currency above \$10,000 and Suspicious Activity Reports (SARs) where appropriate and in accordance with the BSA and applicable regulations. Although the dollar thresholds for filing SARs in the SAR regulation applicable to Covered Businesses remains the same (as low as \$2,000),⁶ FinCEN encourages the voluntary filing of SARs where appropriate to report transactions conducted to evade the \$1,000 reporting threshold imposed by the Order.

II. Geographic Targeting Order

A. Businesses and Transactions Covered by This Order

1. For purposes of this Order, the term “Covered Business” means a money services business, as defined in 31 CFR 1010.100(ff), located in the Covered Geographic Area, except, for the period during which an applicable injunction remains in force, any money services business to which the government is enjoined by court order from applying the Geographic Targeting Order published by FinCEN on March 14, 2025 (90 FR 12106).

2. For purposes of this Order, a “Covered Transaction” means each deposit, withdrawal, exchange of currency or other payment or transfer, by, through, or to the Covered Business which involves a transaction in currency, of \$1,000 or more, but not more than \$10,000.

3. For purposes of this Order, a “Covered Geographic Area” means:

- a. The following zip codes in Texas:
 - i. 78521, 78520, 78526, 78550, 78586, 78552, 78566, 78559, 78578, 78593, 78583, 78575, 78597, 78592, 78535, 78567, 78522, 78523, 78553, 78551, and 78568 associated with Cameron County, Texas;
 - ii. 79936, 79938, 79928, 79912, 79924, 79907, 79927, 79925, 79915, 79904, 79932, 79934, 79930, 79905, 79902, 79935, 79903, 79849, 79835, 79911, 79901, 79836, 79821, 79922, 79906, 79838, 79908, 79916, 79853, 79918, 79920, 79923, 79931, 79913, 79914, 79929, 79917, 79996, 79937, 79926, 79995, 79968, 79940, 79980, 79999, 79958, 79960, 79951, 79947, 79943,

79953, 79954, 79941, 79942, 79946, 79955, 79945, 79950, 79952, 79948, 79949, 79944, 79997, 79998, 88513, 88565, 88590, 88587, 79961, 79976, 79978, 88588, 88540, 88554, 88575, 88562, 88515, 88563, 88512, 88561, 88569, 88511, 88567, 88514, 88526, 88570, 88572, 88579, 88533, 88577, 88530, 88578, 88525, 88574, 88520, 88523, 88580, 88571, 88517, 88519, 88566, 88573, 88583, 88584, 88585, 88586, 88524, 88550, 88595, 88518, 88568, 88521, 88528, 88529, 88510, 88589, 88527, 88560, 88545, 88536, 88558, 88559, 88544, 88576, 88531, 88532, 88553, 88547, 88555, 88557, 88542, 88549, 88548, 88541, 88546, 88539, 88543, 88556, 88534, 88538, 88535, 88581, 88582, and 79910 associated with El Paso County, Texas;

iii. 78542, 78577, 78572, 78504, 78574, 78501, 78541, 78537, 78573, 78589, 78596, 78539, 78599, 78516, 78570, 78503, 78576, 78557, 78538, 78543, 78595, 78560, 78562, 78579, 78558, 78549, 78563, 78565, 78540, 78505, and 78502 associated with Hidalgo County, Texas;

iv. 78852, 78877, 78860, and 78853 associated with Maverick County, Texas; and

v. 78046, 78045, 78041, 78043, 78040, 78344, 78044, 78369, 78371, and 78042 associated with Webb County, Texas;⁷

b. The following zip codes in New Mexico:

- i. 87121, 87158, 87192, 87153, 87191, 87181, 87131, 87190, 87176, 87154, 87194, 87197, 87125, 87198, 87196, 87103, 87119, 87115, 87185, 87199, 87184, 87195, 87193, 87101, 87107, 87114, 87120, 87111, 87105, 87112, 87123, 87110, 87109, 87108, 87187, 87102, 87122, 87113, 87104, 87116, 87151, 87106, 87008, 87022, 87117, 87047, and 87059 associated with Bernalillo County, New Mexico;
- ii. 88021, 88024, 88027, 88081, 88032, 88033, 87936, 87937, 88044, 88003, 88004, 88001, 88006, 88013, 88007, 88005, 88011, 88012, 88046, 88047, 88048, 88052, 88054, 87940, 87941, 88058, 88008, 88063, 88072, and 88002 associated with Dona Ana County, New Mexico; and

iii. 87410, 87412, 87413, 87401, 87402, 87499, 87415, 87416, 87417, 87418, 87037, 87419, 87455, 87461, 87364, 87420, and 87421 associated with San Juan County, New Mexico

4. All terms used but not otherwise defined herein shall have the same meaning set forth in part 1010 of

chapter X of subtitle B of title 31 of the Code of Federal Regulations.

B. Reports Required To Be Filed by the Covered Business

5. Except as otherwise set forth in this Order, if the Covered Business is involved in a Covered Transaction, then the Covered Business shall report the Covered Transaction to FinCEN on a Currency Transaction Report within 30 days following the day on which the Covered Transaction occurred. In the case of the U.S. Postal Service, the obligation contained in the preceding sentence shall not apply to payments or transfers made solely in connection with the purchase of postage or philatelic products.

Note: When submitting the report, the Covered Business may receive a warning that the transaction is below \$10,000. The Covered Business shall ignore the warning and continue with the submission.

6. Each report filed pursuant to this Order must be: (a) completed in accordance with the terms of this Order and the Currency Transaction Report instructions (when those terms and those instructions conflict, the terms of this Order prevail); and (b) e-filed though the BSA E-Filing System.⁸

7. Before concluding a Covered Transaction, the Covered Business must comply with the identification requirements set forth at 31 CFR 1010.312, including the requirement that the specific identifying information (e.g., the account number of the credit card, the driver's license number) used in verifying the identity of the customer shall be recorded on the Currency Transaction Report, and the mere notation of “known customer” or “bank signature card on file” on the report is prohibited. For purposes of this requirement, the Covered Business need not identify employees of armored car services.

8. The Covered Business is not required to file a report otherwise required under this Order on a Covered Transaction between the Covered Business and a commercial bank.

9. Part IV of the Currency Transaction Report shall contain the following information in Field 45: “MSB0926GTO”.

C. Order Period

The terms of this Order are effective beginning September 3, 2026, and

⁸ To electronically file a Currency Transaction Report, a Covered Business will need a BSA E-Filing User account. To create a BSA E-Filing User account, please visit https://bsaeifiling.fincen.treas.gov/Enroll_Now.html. For more information on E-Filing, please visit <https://bsaeifiling.fincen.treas.gov/AboutBsa.html>.

⁶ 31 CFR 1022.320.

⁷ As of this date, the government is enjoined from applying the Geographic Targeting Order of March 14, 2025, to certain MSBs in Texas. Thus, until the relevant injunctions are lifted, those MSBs are exempt from the definition of Covered Businesses for purposes of the requirements of this Order.

ending on March 1, 2027. The compliance date for persons that were not Covered Businesses under the Geographic Targeting Order published by FinCEN on March 10, 2026 (91 FR 11456) is October 3, 2026.

D. Retention of Records

The Covered Business must: (a) retain all reports filed to comply with this Order and any other records relating to compliance with this Order for a period of five years from the last day that this Order is effective (including any renewals of this Order); (b) store all such records in a manner accessible within a reasonable period of time; and (c) make such records available to FinCEN, or any other appropriate law enforcement or regulatory agency, upon request, in accordance with applicable law.

E. No Effect on Other Provision of the BSA or Its Implementing Regulations

Nothing in this Order otherwise modifies or affects any provision of the BSA or the regulations implementing the BSA to the extent not expressly stated herein.

F. Confidentiality

This Order is being publicly issued, and its terms are not confidential.

G. Compliance

The Covered Business must supervise, and is responsible for, compliance by each of its officers, directors, employees, and agents with the terms of this Order. The Covered Business must transmit this Order to each of its agents located in the Covered Geographic Area. The Covered Business must also transmit this Order to its Chief Executive Officer or other similarly acting manager.

H. Penalties for Noncompliance

The Covered Business, and any of its officers, directors, employees, and agents, may be liable, without limitation, for civil or criminal penalties for violating any of the terms of this Order.

I. Validity of Order

Any judicial determination that any provision of this Order is invalid shall not affect the validity of any other provision of this Order, and each other provision shall thereafter remain in full force and effect. A copy of this Order carries the full force and effect of an original signed Order.

J. Paperwork Reduction Act

The collection of information subject to the Paperwork Reduction Act contained in this Order has been

approved by the Office of Management and Budget (OMB) and assigned OMB control number 1506–0056. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number.

K. Questions

All questions about the Order should be directed to FinCEN at <https://www.fincen.gov/contact>.

(Authority: 31 U.S.C. 5326)

Dated: September 2, 2026.

Jimmy L. Kirby,

Deputy Director, Financial Crimes Enforcement Network.

[FR Doc. 2026–18194 Filed 9–3–26; 8:45 am]

BILLING CODE 4810–02–P

DEPARTMENT OF HOMELAND SECURITY

Coast Guard

33 CFR Part 117

[Docket No. USCG–2026–1095]

RIN 1625–AA09

Drawbridge Operation Regulation; Savannah River, Clyo, GA

AGENCY: Coast Guard, DHS.

ACTION: Final rule.

SUMMARY: The Coast Guard is removing the existing drawbridge operation regulation for the CSX Transportation railroad bridge, mile 60.9, near Clyo, GA. The drawbridge was converted to a fixed bridge in August 2026, and the operating regulation is no longer applicable or necessary.

DATES: This rule is effective September 4, 2026.

ADDRESSES: To view documents mentioned in this preamble as being available in the docket, go to <https://www.regulations.gov>. Type the docket number (USCG–2026–1095) in the “SEARCH” box and click “SEARCH”. In the Document Type column, select “Supporting & Related Material.”

FOR FURTHER INFORMATION CONTACT: If you have questions on this rule, call or email Ms. Jennifer Zercher, Bridge Management Specialist, Southeast Coast Guard District; telephone 571–607–5951, email Jennifer.N.Zercher@uscg.mil.

SUPPLEMENTARY INFORMATION:

I. Table of Abbreviations

CFR Code of Federal Regulations
DHS Department of Homeland Security
FR Federal Register

OMB Office of Management and Budget
NPRM Notice of Proposed Rulemaking
§ Section
U.S.C. United States Code
GA Georgia

II. Background Information and Regulatory History

The Coast Guard is issuing this final rule under the authority in (5 U.S.C. 553(b)(B)). This provision authorizes an agency to issue a rule without prior notice and opportunity to comment when the agency for good cause finds that those procedures are “impracticable, unnecessary, or contrary to the public interest.” Under 5 U.S.C. 553(b), the Coast Guard finds that good cause exists for not publishing a notice of proposed rulemaking (NPRM) with respect to this rule because CSX Transportation railroad bridge, that once required draw operations in 33 CFR 117.371(b), was converted to a fixed bridge in August 2026. Therefore, the regulation is no longer applicable and shall be removed from publication. It is unnecessary to publish an NPRM because this regulatory action is inconsequential to the industry and does not have any impact on the public.

Under 5 U.S.C. 553(d)(3), the Coast Guard finds that good cause exists for making this rule effective in less than 30 days after publication in the **Federal Register**. The bridge has been converted to a fixed bridge, and this rule merely requires an administrative change to the **Federal Register**, in order to remove a regulatory requirement that is no longer applicable or necessary. The modification has already taken place, and the removal of the regulation will not affect mariners currently operating on this waterway. Therefore, a delayed effective date is unnecessary.

III. Legal Authority and Need for Rule

The Coast Guard is issuing this rule under authority 33 U.S.C. 499.

The CSX Transportation railroad bridge (Savannah River) was converted to a fixed bridge in August 2026. The elimination of this drawbridge necessitates the removal of the drawbridge operation regulation, 33 CFR 117.371(b), that pertains to the former drawbridge.

The purpose of this rule is to remove the paragraph of 33 CFR 117.371 that refers to the CSX Transportation railroad bridge at mile 60.9, from the Code of Federal Regulations since it governs a drawbridge that is no longer able to be opened.

IV. Discussion of Final Rule

The Coast Guard is removing the regulation in 33 CFR 117.371 related to

the draw operations for CSX Transportation railroad bridge since it is no longer a drawbridge. The change removes the paragraph of the regulation governing the CSX Transportation railroad bridge since the bridge has been converted to a fixed bridge. This Final Rule seeks to update the Code of Federal Regulations by removing language that governs the operation of the CSX Transportation railroad bridge, which is no longer a drawbridge. This change does not affect waterway or land traffic. This change does not affect, nor does it alter the operating schedules in 33 CFR 117.371 that govern the remaining active drawbridges on the Savannah River.

V. 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 calls for no new collection of information under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3520).

C. Federalism and Indian Tribal Government

A rule has implications for federalism under Executive Order 13132, Federalism, if it has a substantial direct

effect on the States, on the relationship between the national government and the States, or on the distribution of power and responsibilities among the various levels of government. We have analyzed this rule under that Order and have determined that it is consistent with the fundamental federalism principles and preemption requirements described in Executive Order 13132.

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

The Unfunded Mandates Reform Act of 1995 (2 U.S.C. 1531–1538) requires Federal agencies to assess the effects of their discretionary regulatory actions. In particular, the Act addresses actions that may result in the expenditure by a State, local, or tribal government, in the aggregate, or by the private sector of \$100,000,000 (adjusted for inflation) or more in any one year. Though this rule will not result in such an expenditure, we do discuss the effects of this rule elsewhere in this preamble.

E. Environment

We have analyzed this rule under Department of Homeland Security Management Directive 023–01, Rev. 1, associated implementing instructions, and Environmental Planning Policy COMDTINST 5090.1 (series) which guide the Coast Guard in complying with the National Environmental Policy Act of 1969 (NEPA) (42 U.S.C. 4321 *et seq.*). The Coast Guard has 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 promulgates the operating regulations or procedures for drawbridges and is categorically excluded from further review, under paragraph L49, of Appendix A, Table 1 of DHS Instruction Manual 023–01–001–01, Rev. 1.

Neither a Record of Environmental Consideration nor a Memorandum for the Record are required for this rule.

List of Subjects in 33 CFR Part 117

Bridges.

For the reasons discussed in the preamble, the Coast Guard amends 33 CFR part 117 as follows:

PART 117—DRAWBRIDGE OPERATION REGULATIONS

■ 1. The authority citation for part 117 continues to read as follows:

Authority: 33 U.S.C. 499; 33 CFR 1.05–1; and DHS Delegation No. 00170.1, Revision No. 01.4.

§ 117.371 [Amended]

■ 2. Amend § 117.371 by removing and reserving paragraph (b).

Dated: August 31, 2026.

Adam A. Chamie,

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

[FR Doc. 2026–18166 Filed 9–3–26; 8:45 am]

BILLING CODE 9110–04–P

DEPARTMENT OF HOMELAND SECURITY

Coast Guard

33 CFR Part 165

[Docket No. USCG–2026–1083]

Safety Zone; Ohio Street Beach Swim Course, Lake Michigan, Chicago Harbor, Chicago, IL

AGENCY: Coast Guard, DHS.

ACTION: Notification of enforcement of regulation.

SUMMARY: The Coast Guard will enforce a safety zone for the Chicago Masters' Big Shoulders 5K and 2.5K Open Water Swim event to provide for the safety of life on navigable waterways during a swim event. Our regulation for marine events within the Great Lakes Coast Guard District identified the safety zone for this event in Chicago, IL. During the enforcement period, entry into, transiting, or anchoring within the safety zone is prohibited unless authorized by the Captain of the Port Lake Michigan or a designated on-scene representative.

DATES: The regulations in 33 CFR 165.932 will be enforced from 7 a.m. through Noon on September 12, 2026.

FOR FURTHER INFORMATION CONTACT: If you have questions about this notification of enforcement, call or email Lieutenant Kyle Goetz, Marine Safety Unit Chicago, U.S. Coast Guard; telephone: 630–986–2155, email: D09-SMB-MSUChicago-WWM@uscg.mil.

SUPPLEMENTARY INFORMATION: The Coast Guard will enforce a Safety Zone regulation in 33 CFR 165.932 for the Chicago Masters' Big Shoulders 5K and 2.5K Open Water Swim from 7 a.m. to Noon on Saturday, September 12, 2026. The regulation for the safety zone, Ohio

Street Beach Swim Course, Lake Michigan, Chicago Harbor, Chicago, IL in § 165.932, specifies the location of the safety zone for this event.

In accordance with the general regulations in § 165.23, entry into, transiting, or anchoring within this safety zone is prohibited unless authorized by the Captain of the Port (COTP), Lake Michigan or his or her designated representative.

This safety zone is closed to all vessel traffic, except as may be permitted by the COTP, Lake Michigan or a designated on-scene representative. Vessel operators desiring to enter or operate within the safety zone shall contact the COTP, Lake Michigan or an on-scene representative to obtain permission to do so.

In addition to this notification of enforcement in the **Federal Register**, the Coast Guard will provide the maritime community with notification of this enforcement period via Broadcast Notice to Mariners. The COTP Lake Michigan may be reached by contacting the Coast Guard Sector Lake Michigan Command Center at (833) 900-2247. An on-scene designated representative may be reached via VHF-FM Channel 16.

R.N. Macon,
Captain, U.S. Coast Guard, Captain of the Port, Lake Michigan.

[FR Doc. 2026-18130 Filed 9-3-26; 8:45 am]

BILLING CODE 9110-04-P

ENVIRONMENTAL PROTECTION AGENCY

40 CFR Part 80

[EPA-HQ-OAR-2026-7195; FRL-11947.1-01-OAR]

RIN 2060-AX06

Renewable Fuel Standard (RFS) Program: Extension of 2025 Compliance Reporting Deadline

AGENCY: Environmental Protection Agency (EPA).

ACTION: Final rule.

SUMMARY: The U.S. Environmental Protection Agency (EPA) is extending the Renewable Fuel Standard (RFS) compliance reporting deadline for the 2025 compliance year from September 1, 2026, to October 1, 2026.

DATES:

Effective date. This rule is effective on September 4, 2026.

Operational date. For operational purposes under the Clean Air Act (CAA), this final rule is effective as of September 1, 2026.

ADDRESSES: The EPA has established a docket for this action under Docket ID No. EPA-HQ-OAR-2026-7195. All documents in the docket are listed on the <https://www.regulations.gov> website. Although listed in the index, some information is not publicly

available, e.g., confidential business information (CBI) or other information the disclosure of which is restricted by statute. Certain other material is not available on the internet and will be publicly available only in hard copy form. Publicly available docket materials are available electronically through <https://www.regulations.gov>.

FOR FURTHER INFORMATION CONTACT: For questions regarding this final rule, contact Nick Parsons, Office of Transportation and Air Quality, Transportation Sector Impacts and Standards Division, Environmental Protection Agency, 2000 Traverwood Drive, Ann Arbor, MI 48105; telephone number: (734) 214-4479; email address: RFS-Rulemakings@epa.gov.

SUPPLEMENTARY INFORMATION:

Does this action apply to me?

Entities potentially affected by this action are those involved with the production, distribution, and sale of transportation fuels (e.g., gasoline and diesel fuel) and renewable fuels (e.g., ethanol, biodiesel, renewable diesel, and biogas). Potentially affected categories include:

Category	NAICS* code	Examples of potentially affected entities
Industry	211130	Natural gas liquids extraction and fractionation.
Industry	221210	Natural gas production and distribution.
Industry	324110	Petroleum refineries (including importers).
Industry	325120	Biogases, industrial (<i>i.e.</i> , compressed, liquified, solid), manufacturing.
Industry	325193	Ethyl alcohol manufacturing.
Industry	325199	Other basic organic chemical manufacturing.
Industry	424690	Chemical and allied products merchant wholesalers.
Industry	424710	Petroleum bulk stations and terminals.
Industry	424720	Petroleum and petroleum products wholesalers.
Industry	457210	Fuel dealers.
Industry	562212	Landfills.

* North American Industry Classification System (NAICS).

This table is not intended to be exhaustive, but rather provides a guide for readers regarding entities potentially affected by this action. This table lists the types of entities that the EPA is now aware could potentially be affected by this action. Other types of entities not listed in the table could also be affected. To determine whether your entity would be affected by this action, you should carefully examine the applicability criteria in 40 CFR part 80. If you have any questions regarding the applicability of this action to a particular entity, consult the person

listed in the **FOR FURTHER INFORMATION CONTACT** section.

Preamble Acronyms and Abbreviations

Throughout this document, the use of “we,” “us,” or “our” is intended to refer to the EPA. We use multiple acronyms and terms in this preamble. While this list may not be exhaustive, to ease the reading of this preamble and for reference purposes, the EPA defines the following terms and acronyms here:

CAA Clean Air Act
RFS Renewable Fuel Standard
RIN Renewable Identification Number
RVO Renewable Volume Obligation

SRE Small Refinery Exemption

Outline of This Preamble

- I. Background and Extension of 2025 RFS Compliance Reporting Deadline
- II. Rulemaking Procedures
- III. Statutory and Executive Order Reviews
 - A. Executive Order 12866: Regulatory Planning and Review
 - B. Executive Order 14192: Unleashing Prosperity Through Deregulation
 - C. Paperwork Reduction Act (PRA)
 - D. Regulatory Flexibility Act (RFA)
 - E. Unfunded Mandates Reform Act (UMRA)
 - F. Executive Order 13132: Federalism

G. Executive Order 13175: Consultation and Coordination With Indian Tribal Governments

H. Executive Order 13045: Protection of Children From Environmental Health Risks and Safety Risks

I. Executive Order 13211: Actions Concerning Regulations That Significantly Affect Energy Supply, Distribution, or Use

J. National Technology Transfer and Advancement Act (NTTAA) and 1 CFR Part 51

K. Congressional Review Act (CRA)

IV. Statutory Authority and Judicial Review

I. Background and Extension of 2025 RFS Compliance Reporting Deadline

Under existing RFS regulations at 40 CFR 80.1451(f)(1)(i)(A), obligated parties, including refiners and importers of transportation fuel, with renewable volume obligations (RVOs) must retire credits (Renewable Identification Numbers (RINs)) and submit annual compliance demonstration reports to the EPA for each calendar year by the latest of:

- March 31 of the subsequent calendar year.
- The next quarterly reporting deadline after the date the subsequent compliance year's renewable fuel standards become effective.
- The next quarterly reporting deadline after the annual compliance reporting deadline for the prior compliance year.

For the 2025 compliance year, this deadline was originally established as September 1, 2026, which is the next quarterly reporting deadline after the 2026 RFS standards became effective.¹ In this final rule, the EPA is extending the 2025 RFS compliance reporting deadline to October 1, 2026, for the reasons discussed herein.

The EPA is extending the compliance deadline to allow obligated parties and market participants additional time to comply with the 2025 RFS compliance reporting deadline, particularly in light of the recent issuance of small refinery exemption (SRE) decisions for the 2025 compliance year. The EPA first announced and applied the Agency's current approach to evaluating SRE petitions on August 22, 2025, when the Agency issued decisions on 175 SRE petitions from 38 refineries spanning the 2016–2024 compliance years.² On November 7, 2025,³ and August 3,

2026,⁴ the EPA again applied the Agency's current approach to evaluating SRE petitions when the Agency issued decisions on 22 SRE petitions from 12 refineries spanning the 2021–2024 compliance years. On August 31, 2026, the EPA issued decisions on 34 SRE petitions for the 2025 compliance year.⁵ In this final rule, the EPA is providing additional time for these small refineries, other obligated parties, and other market participants to carry out and adjust their compliance strategies upon issuance of the Agency's decisions on the 2025 SRE petitions ahead of the otherwise imminent 2025 RFS compliance reporting deadline of September 1, 2026. The EPA is extending the 2025 RFS compliance reporting deadline from September 1, 2026, to October 1, 2026, to provide the necessary time to RFS program participants due to the issuance of the 2025 SRE decisions. Note that this extension will not affect the 2025 attestation engagement deadline (June 1, 2027) or the 2026 compliance reporting deadline (March 31, 2027).

This extension of the 2025 RFS compliance reporting deadline ensures that all small refineries are informed as to their ultimate 2025 RFS obligations and provides obligated parties with sufficient time to carry out and adjust their compliance strategies, taking into account the EPA's decisions on the 2025 SRE petitions, thereby preventing unnecessary burden on obligated parties to prepare, submit, and then possibly retract and revise their 2025 RFS compliance reports. The EPA is extending the deadline for all obligated parties because the Agency's decisions on SRE petitions impact the price and availability of RINs for all obligated parties, not just small refineries. This approach is consistent with the EPA's prior rules extending RFS compliance reporting deadlines⁶ and consistent with case law of the U.S. Court of Appeals for the District of Columbia Circuit.⁷

RFS Small Refinery Exemptions. EPA–420–R–25–013.

⁴ U.S. Environmental Protection Agency. (Aug. 2026). August 3, 2026 Decisions on Petitions for RFS Small Refinery Exemptions. EPA–420–R–26–004.

⁵ U.S. Environmental Protection Agency. (Aug. 2026). August 31, 2026 Decisions on Petitions for RFS Small Refinery Exemptions. EPA–420–R–26–017.

⁶ 86 FR 17073 (Apr. 1, 2021); 87 FR 5696 (Feb. 2, 2022).

⁷ *Wynnewood Refining Co., LLC, et al. v. EPA*, 77 F.4th 767, 779 (D.C. Cir. 2023) (“Thus, rather than task EPA with overseeing a fixed compliance schedule, the Act gives EPA flexibility to craft and adjust a compliance regime in service of the Act's core mandate: to ensure the Act's annual renewable fuel volumes are met.”). See also *Americans for*

Absent this EPA action to extend the 2025 RFS compliance reporting deadline, all obligated parties—including small refineries—would be required to comply with their 2025 RVOs by September 1, 2026. The EPA finds that there is insufficient time for small refineries, and other obligated parties, to adjust their compliance strategies, and for the RIN market to react to these SRE decisions, prior to the otherwise imminent 2025 RFS compliance reporting deadline of September 1, 2026. Thus, the extension of the 2025 RFS compliance reporting deadline finalized in this action will provide all obligated parties—including small refineries—with more time to develop their compliance strategies than they would otherwise be afforded.

Finally, the EPA notes that this action cannot impact the amount of renewable fuel that is produced and used in 2025 as that year is entirely in the past, and all renewable fuel production and use has already occurred. Thus, the EPA does not anticipate any negative impacts on the renewable fuel industry as a result of this action.

II. Rulemaking Procedures

The EPA is issuing this final rule without prior proposal and public comment because the Agency finds that the good cause exemption from the notice and comment rulemaking requirement of the Administrative Procedure Act (APA) applies in this action. APA section 553(b)(B), 5 U.S.C. 553(b)(B), provides that, when an agency for good cause finds (and incorporates the finding and a brief statement of reasons thereof in the rule issued) that notice and comment public procedures are impracticable, unnecessary, or contrary to the public interest, the agency may issue a rule without providing notice and an opportunity for public comment.

The EPA has determined that there is good cause for promulgating this final rule without prior proposal and opportunity for comment. Notice and comment procedures are impracticable and contrary to the public interest, as they would not allow for implementation of this action prior to the existing 2025 RFS compliance reporting deadline of September 1, 2026, which would negatively impact small refineries that only recently received SRE decisions for the 2025 compliance year, as well as other obligated parties that might adjust their

Clean Energy v. EPA, 864 F.3d 691, 718–21 (D.C. Cir. 2017); *Monroe Energy, LLC v. EPA*, 750 F.3d 909, 919–20 (D.C. Cir. 2014); *Nat'l Petrochemical & Refiners Ass'n v. EPA*, 630 F.3d 145, 154–58 (D.C. Cir. 2010).

¹ 40 CFR 80.1451(f)(1)(i)(A)(2). The 2026 RFS standards were established in the Set 2 Rule, which had an effective date of June 15, 2026. 91 FR 16388 (Apr. 1, 2026).

² U.S. Environmental Protection Agency. (Aug. 2025). August 2025 Decisions on Petitions for RFS Small Refinery Exemptions. EPA–420–R–25–010.

³ U.S. Environmental Protection Agency. (Nov. 2025). November 2025 Decisions on Petitions for

compliance strategies as a result of additional RINs becoming available in the market. As described in section I of this preamble, the EPA has only recently issued decisions on the SRE petitions for the 2025 compliance year, just prior to the otherwise imminent 2025 RFS compliance reporting deadline of September 1, 2026. Without this final rule, small refineries and other obligated parties would be required to comply with their 2025 RFS obligations without time to adjust compliance strategies, which could result in unnecessary RIN purchases, retirements, trades, or sales. Therefore, the EPA is promulgating this final rule without prior proposal and opportunity for comment to expeditiously change the 2025 RFS compliance reporting deadline before small refineries and other obligated parties would otherwise have to retire RINs to comply with their 2025 RFS obligations.

The EPA also finds that prior notice and comment is unnecessary because the Agency is making only targeted changes to a compliance date in response to immediate concerns raised by stakeholders, including obligated parties subject to the 2025 RFS standards.⁸ The EPA is modifying the 2025 RFS compliance reporting deadline in a manner that does not disrupt the 2026 RFS compliance reporting deadline and thus provides sufficient time between compliance deadlines for both the Agency and obligated parties to manage compliance obligations. This action also avoids risking interim noncompliance proceedings that could occur without promulgation of this action. This action will also not impact the use of renewable fuel under the RFS program, as 2025 is in the past and the amount of renewable fuel used in that year cannot be changed. Thus, the EPA does not anticipate any impact on renewable fuel producers or the 2025 volumes overall. This targeted action provides obligated parties with the additional time needed to conduct the necessary RIN transactions and compliance decisions prior to the modified 2025 RFS compliance reporting deadline.

In addition, the EPA finds that prior notice and comment would be impracticable given the applicable compliance deadlines and the timeline involved in completing such procedures. The EPA has determined through ongoing communications with stakeholders and review of the relevant regulatory language, that there are

legitimate barriers to compliance with the September 1, 2026, deadline. As a result, the EPA is making only targeted changes to the 2025 RFS compliance reporting deadline in this action to provide the immediate relief necessary to avoid unnecessary and problematic situations of obligated parties expending time and resources attempting to comply in short amounts of time. Prior notice and comment would be impracticable given the purpose of this targeted action, which is to provide the immediate extension required to address the problems identified above.

The EPA is also determining there is good cause to make this final rule immediately operational upon signature. When an agency grants or recognizes an exemption or relieves a restriction, affected parties do not need a reasonable time to adjust because the effect is not adverse. Here, the regulatory amendments to 40 CFR part 80 relieve a restriction by extending the 2025 RFS compliance reporting deadline ahead of the otherwise imminent deadline of September 1, 2026, thus providing obligated parties with additional time to demonstrate compliance with their 2025 RFS obligations. Because the rule revisions relieve a restriction and advance notice is not needed, this final rule is immediately operational upon signature.

Additionally, APA section 553(d), 5 U.S.C. 553(d), generally provides that rules may not take effect until 30 days after they are published in the **Federal Register**. The purpose of this provision is to “give affected parties a reasonable time to adjust their behavior before the final rule takes effect.”⁹ However, when an agency grants or recognizes an exemption or relieves a restriction, affected parties do not need a reasonable time to adjust because the effect is not adverse. Thus, APA section 553(d)(1) allows for an effective date less than 30 days after publication for any rule that “grants or recognizes an exemption or relieves a restriction.”¹⁰ Here, as discussed above, the regulatory amendments to 40 CFR part 80 relieve a restriction by extending the 2025 RFS compliance reporting deadline ahead of the otherwise imminent deadline of September 1, 2026, thus providing obligated parties with additional time to demonstrate compliance with their 2025 RFS obligations.

⁹ *Omnipoint Corp. v. Fed. Comm’n Comm’n*, 78 F.3d 620, 630 (D.C. Cir. 1996); see also *United States v. Gavrilovic*, 551 F.2d 1099, 1104 (8th Cir. 1977) (quoting legislative history).

¹⁰ See 5 U.S.C. 553(d)(1).

III. Statutory and Executive Order Reviews

Additional information about these statutes and Executive orders can be found at <https://www.epa.gov/laws-regulations/laws-and-executive-orders>.

A. Executive Order 12866: Regulatory Planning and Review

This action is a significant regulatory action that was submitted to the Office of Management and Budget (OMB) for review. Any changes made in response to OMB recommendations have been documented in the docket.

B. Executive Order 14192: Unleashing Prosperity Through Deregulation

This action is considered an Executive Order 14192 deregulatory action. This final rule provides burden reduction by extending the 2025 RFS compliance reporting deadline, thereby preventing unnecessary burden on obligated parties to prepare, submit, and then possibly retract and revise their 2025 RFS compliance reports.

C. Paperwork Reduction Act (PRA)

This action does not impose an information collection burden under the PRA. The Office of Management and Budget (OMB) has previously approved the information collection activities related to this final rule and has assigned the following OMB control numbers 2060–0725, 2060–0740, and 2060–0749. This action extends the 2025 RFS compliance reporting deadline and would not impose new or different reporting requirements on regulated parties than already exist for the RFS program.

D. Regulatory Flexibility Act (RFA)

This action is not subject to the RFA. The RFA applies only to rules subject to notice and comment rulemaking requirements under the APA, 5 U.S.C. 553, or any other statute. This rule is not subject to notice and comment requirements because the EPA has invoked the APA “good cause” exemption under 5 U.S.C. 553(b). The EPA’s discussion of the good cause finding for this rule, including the basis for that finding, is discussed in the **SUPPLEMENTARY INFORMATION** section.

E. Unfunded Mandates Reform Act (UMRA)

This action does not contain an unfunded mandate as described in UMRA, 2 U.S.C. 1531–1538, and does not significantly or uniquely affect small governments. This action imposes no enforceable duty on any State, local, or Tribal governments. Requirements for

⁸ The EPA has also received both written and verbal requests from stakeholders to extend the 2025 RFS compliance reporting deadline.

the private sector do not exceed \$100 million in any one year.

F. Executive Order 13132: Federalism

This action does not have federalism implications. It will not have substantial direct effects on the States, on the relationship between the national government and the States, or on the distribution of power and responsibilities among the various levels of government.

G. Executive Order 13175: Consultation and Coordination With Indian Tribal Governments

This action does not have Tribal implications as specified in Executive Order 13175. This action will be implemented at the Federal level and affects transportation fuel refiners, blenders, marketers, distributors, importers, exporters, and renewable fuel producers and importers. Tribal governments would be affected only to the extent they produce, purchase, and use regulated fuels. Thus, Executive Order 13175 does not apply to this action.

H. Executive Order 13045: Protection of Children From Environmental Health Risks and Safety Risks

The EPA interprets Executive Order 13045 as applying only to those regulatory actions that concern environmental health or safety risks that the Agency has reason to believe may disproportionately affect children, per the definition of “covered regulatory action” in section 2–202 of the Executive Order. Therefore, this action is not subject to Executive Order 13045 because it extends the 2025 RFS compliance reporting deadline and does not concern an environmental health risk or safety risk. Since this action does not concern human health, the EPA’s Policy on Children’s Health also does not apply.

I. Executive Order 13211: Actions Concerning Regulations That Significantly Affect Energy Supply, Distribution, or Use

This action is not subject to Executive Order 13211, because it is not a significant regulatory action under Executive Order 12866.

J. National Technology Transfer and Advancement Act (NTTAA) and 1 CFR Part 51

This action does not involve technical standards.

K. Congressional Review Act (CRA)

This action is subject to the CRA, and the EPA will submit a rule report to

each House of Congress and to the Comptroller General of the United States. This action is not a “major rule” as defined by 5 U.S.C. 804(2).

IV. Statutory Authority and Judicial Review

Statutory authority for this action comes from sections 114, 203–05, 208, 211, and 301 of the CAA, 42 U.S.C. 7414, 7522–24, 7542, 7545, and 7601.

Statutory authority for the rulemaking procedures followed in this action is provided by APA section 553(b)(B), 5 U.S.C. 53(b)(B) (good cause exception to notice-and-comment rulemaking), and statutory authority for making this action immediately effective is provided by 5 U.S.C. 553(d)(1). As explained in section II of this preamble, the EPA finds good cause to forgo prior notice and comment because such procedures are unnecessary and impracticable under the circumstances detailed in section II of this preamble.

CAA section 307(b)(1) governs judicial review of final actions by the EPA. This section generally provides that petitions for review of final actions that are nationally applicable must be filed in the U.S. Court of Appeals for the District of Columbia Circuit, and petitions for judicial review of actions that are locally or regionally applicable must be filed in the appropriate regional circuit. However, CAA section 307(b)(1) also provides that petitions for judicial review of a final action that is locally or regionally applicable must be filed in the D.C. Circuit when “such action is based on a determination of nationwide scope or effect and if in taking such action the Administrator finds and publishes that such action is based on such a determination.”

This action is nationally applicable because it amends nationally applicable regulations promulgated by the Administrator and codified at 40 CFR part 80. Under CAA section 307(b)(1), judicial review of this final action is available only by filing a petition for review in the U.S. Court of Appeals for the District of Columbia Circuit by November 3, 2026. Under CAA section 307(b)(2), the requirements established by this final action may not be challenged separately in any civil or criminal proceedings brought by the EPA to enforce the requirements.

List of Subjects in 40 CFR Part 80

Environmental protection, Administrative practice and procedure, Air pollution control, Diesel fuel, Fuel

additives, Gasoline, Imports, Oil imports, Petroleum, Renewable fuel.

Lee Zeldin,
Administrator.

For the reasons set forth in the preamble, the EPA amends 40 CFR part 80 as follows:

PART 80—REGULATION OF FUELS AND FUEL ADDITIVES

■ 1. The authority citation for part 80 continues to read as follows:

Authority: 42 U.S.C. 7414, 7521, 7542, 7545, and 7601(a).

Subpart M—Renewable Fuel Standard

■ 2. Amend § 80.1451 by adding paragraph (f)(1)(i)(B)(6) to read as follows:

§ 80.1451 What are the reporting requirements under the RFS program?

* * * * *

(f) * * *

(1) * * *

(i) * * *

(B) * * *

(6) For the 2025 compliance year, annual compliance reports must be submitted by October 1, 2026.

* * * * *

[FR Doc. 2026–18132 Filed 9–3–26; 8:45 am]

BILLING CODE 6560–50–P

DEPARTMENT OF THE INTERIOR

Fish and Wildlife Service

50 CFR Part 17

[FXES1111090FEDR–267–FF09E21000]

Endangered and Threatened Wildlife and Plants; Nine Species Not Warranted for Listing as Endangered or Threatened Species

AGENCY: Fish and Wildlife Service, Interior.

ACTION: Notification of findings.

SUMMARY: We, the U.S. Fish and Wildlife Service (Service), announce findings that nine species are not warranted for listing as endangered or threatened species under the Endangered Species Act of 1973, as amended (ESA or Act). After a thorough review of the best scientific and commercial data available, we find that it is not warranted at this time to list the Big Bar hesperian (*Vespericola pressleyi*), Chesapeake logperch (*Percina bimaculate*), Kirtland’s snake (*Clonophis kirtlandii*), orangefin madtom (*Noturus gilberti*), Shasta

chaparral (*Trilobopsis roperi*), Shasta hesperian (*Vespericola shasta*), Shasta sideband (*Monadenia troglodytes troglodytes*), tall western penstemon (*Penstemon hesperius*), and Wintu sideband (*Monadenia troglodytes wintu*). However, we ask the public to

submit to us at any time any new information relevant to the status of any of the species mentioned above or their habitats.

DATES: The findings in this document were made on September 4, 2026.

ADDRESSES: Detailed descriptions of the bases for these findings are available on the internet at <https://www.regulations.gov> under the following docket numbers:

Species	Docket No.
Big Bar hesperian, Shasta chaparral, Shasta hesperian, Shasta sideband, and Wintu sideband	FWS-R8-ES-2026-2810.
Chesapeake logperch	FWS-R5-ES-2026-2806.
Kirtland's snake	FWS-R3-ES-2026-2811.
Orange-fin madtom	FWS-R5-ES-2026-2807.
Tall western penstemon	FWS-R1-ES-2026-2808.

Those descriptions are also available by contacting the appropriate person, as specified under **FOR FURTHER INFORMATION CONTACT**. Please submit any

new information, materials, comments, or questions concerning these findings to the appropriate person, as specified

under **FOR FURTHER INFORMATION CONTACT**.

FOR FURTHER INFORMATION CONTACT:

Species	Contact information
Big Bar hesperian, Shasta chaparral, Shasta hesperian, Shasta sideband, and Wintu sideband.	Ryan Fogerty, Acting Field Supervisor, Yreka Field Office, 530-340-7900, ryan_fogerty@fws.gov .
Chesapeake logperch	Jodie Mamuscia, Field Supervisor, Pennsylvania Ecological Services Field Office, 814-298-4523, jodie_mamuscia@fws.gov .
Kirtland's snake	Erin Knoll, Field Supervisor, Ohio Ecological Services Field Office, 380-215-0987, erin_knoll@fws.gov .
Orange-fin madtom	Troy Andersen, Field Supervisor, Virginia Ecological Services Field Office, 804-728-0695, troy_andersen@fws.gov .
Tall western penstemon	Kessina Lee, Oregon State Supervisor, Oregon Fish and Wildlife Office, 503-231-6179, kessina_lee@fws.gov .

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.

SUPPLEMENTARY INFORMATION:

Background

Under section 4(b)(3)(B) of the Act (16 U.S.C. 1533(b)(3)(B)), we are required to make a finding on whether or not a petitioned action is warranted within 12 months after receiving any petition that we have determined contains substantial scientific or commercial information indicating that the petitioned action may be warranted ("12-month finding"). We must make a finding that the petitioned action is: (1) not warranted; (2) warranted; or (3) warranted but precluded by other listing activity. We must publish a notification of these 12-month findings in the **Federal Register**.

Summary of Information Pertaining to the Five Factors

Section 4 of the Act (16 U.S.C. 1533) and our regulations at part 424 of title 50 of the Code of Federal Regulations (50 CFR part 424) set forth procedures for adding species to, removing species from, or reclassifying species on the Lists of Endangered and Threatened Wildlife and Plants (Lists). The Act defines "species" as including any subspecies of fish or wildlife or plants, and any distinct population segment of any species of vertebrate fish or wildlife which interbreeds when mature. The Act defines an "endangered species" as a species that is in danger of extinction throughout all or a significant portion of its range (16 U.S.C. 1532(6)) and a "threatened species" as a species that is likely to become an endangered species within the foreseeable future throughout all or a significant portion of its range (16 U.S.C. 1532(20)). Under section 4(a)(1) of the Act, the Secretary of the Interior (Secretary) may determine whether any species is an endangered species or a threatened species because of any of the following five factors:

(A) The present or threatened destruction, modification, or curtailment of its habitat or range;

(B) Overutilization for commercial, recreational, scientific, or educational purposes;

(C) Disease or predation;

(D) The inadequacy of existing regulatory mechanisms; or

(E) Other natural or manmade factors affecting its continued existence.

These factors represent broad categories of natural or human-caused actions or conditions that could have an effect on a species' continued existence. In evaluating these actions and conditions, we look for those that may have a negative effect on individuals of the species, as well as other actions or conditions that may ameliorate any negative effects or may have positive effects.

We use the term "threat" to refer in general to actions or conditions that are known to or are reasonably likely to negatively affect individuals of a species. The term "threat" includes actions or conditions that have a direct impact on individuals (direct impacts),

as well as those that affect individuals through alteration of their habitat or required resources (stressors). The term “threat” may encompass—either together or separately—the source of the action or condition or the action or condition itself. However, the mere identification of any threat(s) does not necessarily mean that the species meets the statutory definition of an “endangered species” or a “threatened species.” In determining whether a species meets either definition, we must evaluate all identified threats by considering the species’ expected response and the effects of the threats—in light of those actions and conditions that will ameliorate the threats—on an individual, population, and species level. We evaluate each threat and its expected effects on the species, then analyze the cumulative effect of all of the threats on the species as a whole. We also consider the cumulative effect of the threats in light of those actions and conditions that will have positive effects on the species, such as any existing regulatory mechanisms or conservation efforts. The Secretary determines whether the species meets the definition of an “endangered species” or a “threatened species” only after conducting this cumulative analysis and describing the expected effect on the species.

The Act does not define the term “foreseeable future,” which appears in the statutory definition of “threatened species.” Our regulations at 50 CFR 424.11(d) set forth a framework for evaluating the foreseeable future on a case-by-case basis, which is further described in the 2009 Memorandum Opinion on the foreseeable future from the Department of the Interior, Office of the Solicitor (M–37021, January 16, 2009; “M–Opinion,” available online at <https://www.doi.gov/sites/doi.opengov.ibmcloud.com/files/uploads/M-37021.pdf>). The foreseeable future extends as far into the future as the Service can make reasonably reliable predictions about the threats to the species and the species’ responses to those threats. We need not identify the foreseeable future in terms of a specific period of time. We will describe the foreseeable future on a case-by-case basis, using the best scientific and commercial data available and taking into account considerations such as the species’ life-history characteristics, threat projection timeframes, and environmental variability. In other words, the foreseeable future is the period of time over which we can make reasonably reliable predictions. “Reliable” does not mean “certain;” it

means sufficient to provide a reasonable degree of confidence in the prediction, in light of the conservation purposes of the Act.

Both definitions of endangered species and threatened species include not only the phrase “throughout all,” but also the phrase “or a significant portion of its range.” Beginning in 2001, a number of judicial opinions addressed our interpretation of the phrase “or a significant portion of its range” (the SPR phrase) in the statutory definitions of “endangered species” and “threatened species.” In *Defenders of Wildlife v. Norton*, 258 F.3d 1136 (9th Cir. 2001) regarding the flat-tailed horned lizard, the court held that the interpretation of the SPR phrase that we had applied in analyzing the status of the flat-tailed horned lizard was unacceptable because it would allow for a species to warrant listing throughout a significant portion of a species’ range only when the species “is in danger of extinction everywhere” (id. at 1141). The court held that the SPR phrase must be given independent meaning from the “throughout all” phrase to avoid making the SPR phrase in the statute superfluous.

In an attempt to address the judicial opinions calling into question our approach to evaluating whether a species was endangered or threatened throughout a significant portion of its range, the Services published a “Final Policy on Interpretation of the Phrase ‘Significant Portion of Its Range’ in the Endangered Species Act’s Definition of ‘Endangered Species’ and ‘Threatened Species’” (hereafter “2014 SPR Policy;” 79 FR 37578, July 1, 2014). The notice of the draft policy provides more detail about litigation before 2014 regarding the phrase (76 FR 76987, Dec. 9, 2011). The 2014 SPR Policy included four elements:

(1) Consequence—that the consequence of determining that a species warrants listing based on its status in a significant portion of its range is to list the species throughout all of its range;

(2) Significance—a definition of the term “significant”;

(3) Range—that the species’ “range” is the current range of the species; and

(4) Distinct population segment (DPS)—that, if a [vertebrate] species is endangered or threatened in an SPR, and the population in that SPR is a DPS, the Service will list just the DPS.

Subsequently, two district courts vacated the definition of “significant” contained in the 2014 SPR Policy (*Ctr. for Biological Diversity v. Jewell*, 248 F. Supp. 3d 946, 959 (D. Ariz. 2017) (“*CBD v. Jewell*”) and *Desert Survivors v. U.S.*

Dep’t of the Interior, 321 F. Supp. 3d 1011, 1070–74 (N.D. Cal. 2018) (“*Desert Survivors*”). The courts found that the definition in the 2014 SPR Policy set too high a threshold and rendered the SPR language in the statute superfluous, failing to give it independent meaning from the “throughout all” phrase. In 2020, another court (*Ctr. for Biological Diversity v. Everson*, 435 F. Supp. 3d 69 (D.D.C. 2020) (“*Everson*”)) also vacated the specific aspect of the 2014 SPR Policy under which, “if the Services determine that a species is threatened throughout all of its range, the Services will not analyze whether the species is endangered in a significant portion of its range” (id. at 98). This was an extension of the definition of “significant,” which required a stepwise process in which we only considered whether a species may be endangered or threatened throughout a significant portion of its range when the species was not endangered or threatened throughout all of its range. In an extension of the earlier rulings from *CBD v. Jewell* and *Desert Survivors*, the court found that this aspect of the definition of the 2014 SPR Policy was not only inconsistent with the statute because it “rendered the ‘endangered in a significant portion of its range’ basis for listing superfluous,” but was also “inconsistent with ESA principles” and “not a logical outgrowth from the draft policy.” Under this ruling, if we find a species is not in danger of extinction throughout all of its range, we must evaluate whether the species is in danger of extinction throughout a significant portion of its range, even in cases where we have determined that the species is likely to become in danger of extinction within the foreseeable future (threatened) throughout all of its range. The remaining three elements of the 2014 SPR Policy remain intact.

For each species below, we address why they are not in danger of extinction or likely to become so within the foreseeable future throughout all or a significant portion of their ranges. For some species, we discuss throughout all of the range first (endangered then threatened classification) and then discuss significant portion of the range. For other species we explain why not in danger of extinction (throughout all or a significant portion of its range) and then why not likely to become endangered within the foreseeable future (throughout all or a significant portion of its range).

When assessing whether a species is endangered or threatened throughout a significant portion of its range, we address two questions because we must determine whether there is any portion of the species’ range for which both (1)

the portion is “significant” and (2) the species is in danger of extinction or likely to become in danger of extinction within the foreseeable future throughout that portion. We may address either question first. Regardless of which question we address first, if we reach a negative answer with respect to the first question that we address, we do not need to evaluate the other question for that portion of the species’ range.

In conducting our evaluation of the five factors provided in section 4(a)(1) of the Act to determine whether the Big Bar hesperian, Chesapeake logperch, Kirtland’s snake, orangefin madtom, Shasta chaparral, Shasta hesperian, Shasta sideband, tall western penstemon, and Wintu sideband meet the Act’s definition of an “endangered species” or a “threatened species,” we considered and thoroughly evaluated the best scientific and commercial data available regarding the past, present, and future threats. We reviewed the petitions, information available in our files, and other available published and unpublished information for these species. Our evaluation may include information from recognized experts; Federal, State, and Tribal governments; academic institutions; foreign governments; private entities; and other members of the public.

In accordance with the regulations at 50 CFR 424.14(h)(2)(i), this document announces the not-warranted findings on petitions to list the nine species. We have also elected to include brief summaries of the analyses on which these findings are based. We provide the full analyses, including the reasons and data on which the findings are based, in the decisional files for the Big Bar hesperian, Chesapeake logperch, Kirtland’s snake, orangefin madtom, Shasta chaparral, Shasta hesperian, Shasta sideband, tall western penstemon, and Wintu sideband. Below, we describe the documents containing these analyses.

The species assessment forms for the Big Bar hesperian, Chesapeake logperch, Kirtland’s snake, orangefin madtom, Shasta chaparral, Shasta hesperian, Shasta sideband, tall western penstemon, and Wintu sideband each contain more detailed biological information, a thorough analysis of the listing factors, a list of literature cited, and an explanation of why we determined that these species do not meet the Act’s definition of an “endangered species” or a “threatened species.” To inform our status review, we completed a species status assessment (SSA) report for the Big Bar hesperian, Chesapeake logperch, Kirtland’s snake, orangefin madtom,

Shasta chaparral, Shasta hesperian, Shasta sideband, tall western penstemon, and Wintu sideband. The SSA reports contain a thorough review of the taxonomy, life history, ecology, current status, and projected future status for these species. This supporting information can be found on the internet at <https://www.regulations.gov> under the appropriate docket number (see ADDRESSES, above).

Big Bar Hesperian, Shasta Chaparral, Shasta Hesperian, Shasta Sideband, and Wintu Sideband

Previous Federal Actions

On March 13, 2008, we received a petition to list 29 species and subspecies of mollusks in the Pacific Northwest as threatened or endangered species under the Act. The petitioners included the Center for Biological Diversity (CBD), Conservation Northwest, the Environmental Protection Information Center, the Klamath-Siskiyou Wildlands Center, and Oregon Wild. We issued a 90-day finding on October 5, 2011, (76 FR 61826), stating that the petition presented substantial scientific or commercial information indicating that listing 26 of the mollusk species or subspecies may be warranted. This document constitutes our 12-month finding on the March 13, 2008, petition to list the Big Bar hesperian, Shasta chaparral, Shasta hesperian, Shasta sideband, and Wintu sideband (five terrestrial mollusks).

Summary of Finding

The five terrestrial mollusks are small land-dwelling narrowly endemic snails typically much less than 1.1 inches (30 millimeters) in diameter and are found in Shasta, Siskiyou, Trinity, and Humboldt Counties, California. The landscape in which they occur is part of the Klamath Mountains/Southern Cascades ecoregion, which is ecologically, topographically, and geographically diverse. This diversity provides localized variability in vegetation (type and cover) and climate (temperature and moisture). The general habitat needs of the five terrestrial mollusks include use and selection of habitat that conserves moisture and avoids desiccation and provides for temperature regulation, availability of vegetation/fungi/detritus for foraging, calcium availability for shell development, and refuge or sheltering habitat to avoid hot, dry, or cold conditions. This includes humid habitats associated with limestone outcrops or caves, rocky outcrops, talus slopes, or boulder piles with interstitial

spaces, areas that contain leaf litter and woody debris such as downed limbs or logs, or areas that have a shrub or forest overstory to provide shade. The Big Bar hesperian and Shasta hesperian are closely associated with riparian areas and are found within a short distance of the edge of streams, springs, and seeps in montane hardwood-conifer forests where soils are permanently moist. The Shasta chaparral is also associated with these wetted habitats but also occurs in the nonwetted habitats as described above.

Populations of terrestrial snails within the region are thought to be relicts of the late Pleistocene epoch when the local climate conditions were much cooler and more mesic than current conditions and the five terrestrial mollusks have gone through many cycles of isolation followed by connectivity over millennia or longer periods of time. Despite the warmer and dryer climatic conditions where they are now found, the five terrestrial mollusks have adopted behaviors to maintain moisture or to seek out cooler moist habitat to carry out their life history requirements. This includes being active during cooler more moist periods of the day and year such as at night or during the fall and spring and seeking shelter, hibernating, or estivating during the day, winter, or summer.

We have carefully assessed the best scientific and commercial data available regarding the past, present, and future threats to the Big Bar hesperian, Shasta chaparral, Shasta hesperian, Shasta sideband, and Wintu sideband, and we evaluated all relevant factors under the five listing factors, including any regulatory mechanisms and conservation measures addressing the threats facing the five terrestrial mollusks. In our analysis, we identified the following threats facing the five terrestrial mollusks: the effects of increasing temperatures and prolonged drought; the effects of fire; the impacts associated with small population size and limited gene flow; limestone and gold mining; grazing; timber harvest; road construction; urbanization; recreation activities and recreation facility development; off-road vehicle activity; nonnative species; pesticide use; chemical spills; unauthorized marijuana cultivation; fire retardant use; over collection; and the potential raising of Shasta Dam and resulting inundation of habitat. We identified the primary threats affecting the biological status of the five terrestrial mollusks as (1) the effects of prolonged drought conditions and increasing temperatures, and (2) the effects of severe wildfire events that are associated with habitat loss or

destruction. Although the remaining threats (either individually or cumulatively) may impact individuals at the local level, the best scientific and commercial data available did not indicate that these threats are having or will have population level impacts due to their limited rangewide prevalence or level of impact on the five terrestrial mollusks.

To determine whether the Big Bar hesperian, Shasta chaparral, Shasta hesperian, Shasta sideband, and Wintu sideband are in danger of extinction throughout all of their ranges, we reviewed the threats to each of the five terrestrial mollusks, their responses to those threats (including any cumulative effect of the threats), and any amelioration of the threats associated with regulatory or conservation measures. Several factors assist in limiting the impact of the two primary threats impacting the five terrestrial mollusks. This includes the ecological, topographical, and geological diversity of the landscape which provides a mosaic of environmental conditions and resulting burn patterns (severity and intensity) across the five terrestrial mollusks' ranges; and the life history and behavioral adaptations of the five terrestrial mollusks to avoid activity during periods most associated and influenced by the two primary threats.

Currently, each of the five terrestrial mollusks occupies areas roughly the size of their respective historical ranges and our analysis identified that all populations are in either high or moderate condition (based on habitat condition and occurrence distribution). In addition, the five terrestrial mollusks likely have a wide breadth of environmental diversity within and among their populations and so can be characterized as having representation across a breadth of subwatersheds. Based on topographical and geographical conditions of the landscape, habitat used, and behavioral adaptations and life history and behavioral strategies that assist them in maintaining moisture (aestivation, activity periods, habitat use), the five terrestrial mollusks are currently able to limit the negative impacts from the effects of drought and increasing temperatures and severe wildfire events. As a result, we found that in the near term, all five terrestrial mollusks can withstand stochastic disturbances, maintain their ability to adapt to changing environmental conditions, and have sufficient number and distributions of populations to withstand catastrophic events. Therefore, we conclude that the Big Bar hesperian, Shasta chaparral, Shasta

hesperian, Shasta sideband, and Wintu sideband are not in danger of extinction throughout all of their respective ranges.

Therefore, we proceeded with determining whether the five terrestrial mollusks are likely to become in danger of extinction within the foreseeable future throughout all of their ranges. For our analysis of future conditions, we chose to examine the future conditions out to approximately mid-century (2040–2069) as well as end-of-century (2070–2099) because those timeframes encompass the best scientific and commercial data available for future projections of the two primary threats acting on the species and for drawing reliable conclusions about the response of the five terrestrial mollusks to these threats. Despite a potential future decrease in resiliency due to drought and severe wildfire, we expect these future impacts will likely be limited to the loss of individuals or some smaller populations, and the overall viability of these species is not likely to be affected. As previously discussed, the behavioral flexibility and biological adaptations of these five species will likely continue to protect them from the effects of future threats, as their life history strategies support their ability to adapt to varying environmental conditions. In addition, the mollusks' use of sheltered habitats (deep within caves and interstitial spaces within rocky areas) and the fragmented topography of the Klamath Mountains and Southern Cascades ecoregions will likely continue to protect the species from widespread loss from catastrophic wildfire. Therefore, we have concluded that the future condition of the five terrestrial mollusks is not likely to change significantly.

Having determined that the five terrestrial mollusks are not in danger of extinction or likely to become so within the foreseeable future throughout all of their ranges, we now consider whether they may be in danger of extinction or likely to become so within the foreseeable future throughout a significant portion of their ranges.

We evaluated the range of the five terrestrial mollusks to determine if any of the species are in danger of extinction or likely to become so within the foreseeable future in any portion of their range. We divided the range of each of the five terrestrial mollusks in two ways: (1) analysis units (AUs) and (2) representation units (Hydrologic Unit Code (HUC)–12 watersheds). AUs were based on NatureServe's 1-kilometer buffers for general animal and plant dispersal to assess resiliency of each species and HUC–12 watersheds were used to assess representation of each species. We also looked for any other

possible clustering of AUs to ensure we were not missing a geographical area where the species may have a different regulatory status that warrants further investigation.

Therefore, for the five terrestrial mollusks, we considered whether any of the threats or their effects on the species are greater in any biologically meaningful portion of the five terrestrial mollusks' ranges than in other portions such that any of the five species is in danger of extinction or likely to become so within the foreseeable future in any identified portion. We evaluated the same threats as discussed above. As discussed in our rangewide analysis above, threats are not disproportionately affecting any of the five terrestrial mollusks in any portion of their respective ranges. While there may be impacts to individual snails associated with the threats, the impact of the threats are distributed equally across each of the terrestrial mollusks respective ranges and are not disproportionately affecting the five terrestrial mollusks in any AU. For all five terrestrial mollusks, all AUs have moderate to high resiliency in the near term and similar risk of catastrophic events such as wildfire. In our review of the current condition of the five terrestrial mollusks, we identified that the primary threats are lessened by the five terrestrial mollusks' habitat use (rock outcroppings, talus slopes, boulder piles, caves, wetted areas), the ecological setting of the Klamath Mountains and Southern Cascade ecoregions provide areas that are variably impacted by the effects of drought or severe wildfire, and the five terrestrial mollusks' behavioral responses to the threats (*i.e.*, avoiding activity during dry hot conditions, seeking shelter in areas that maintain cooler temperatures and moisture, and aestivating during such periods). Therefore, we found no portion of the five terrestrial mollusks' ranges where the biological condition of the species or subspecies differs from its condition elsewhere in its range such that the status of the species or subspecies in that portion differs from its status in any other portion of the species' or subspecies' range within the near term or within the foreseeable future.

As a result, we concluded that the Big Bar hesperian, Shasta chaparral, Shasta hesperian, Shasta sideband, and Wintu sideband are not in danger of extinction or likely to become so within the foreseeable future throughout a significant portion of its range. This does not conflict with the decision in *Everson* because we have determined that there is no portion of the range

where the species may be in danger of extinction (*i.e.*, the species cannot be in danger of extinction throughout a significant portion of its range). Based on the best scientific and commercial data available, we determine that the Big Bar hesperian, Shasta chaparral, Shasta hesperian, Shasta sideband, and Wintu sideband do not meet the definition of endangered species or threatened species in accordance with sections 3(6) and 3(20) of the Act. Therefore, we find that listing the Big Bar hesperian, Shasta chaparral, Shasta hesperian, Shasta sideband, and Wintu sideband is not warranted at this time. A detailed discussion of the basis for this finding can be found in the five terrestrial mollusks species assessment form and other supporting documents on <https://www.regulations.gov> under Docket No. FWS-R8-ES-2026-2810 (see **ADDRESSES**, above).

Peer Review

In accordance with our joint policy on peer review published in the **Federal Register** on July 1, 1994 (59 FR 34270), and our August 22, 2016, memorandum updating and clarifying the role of peer review in listing actions under the Act, we solicited independent scientific reviews of the information contained in the five terrestrial mollusks SSA report. We sent the SSA report to five independent peer reviewers and received three responses. Results of this structured peer review process can be found at <https://www.regulations.gov> under Docket No. FWS-R8-ES-2026-2810. We incorporated the results of these reviews, as appropriate, into the SSA report, which is the foundation for this finding.

Chesapeake Logperch

Previous Federal Actions

On April 20, 2010, the Service received a petition from CBD, Alabama Rivers Alliance, Clinch Coalition, Dogwood Alliance, Gulf Restoration Network, Tennessee Forests Council, and West Virginia Highlands Conservancy to list 404 aquatic, riparian, and wetland species, including Chesapeake logperch, as endangered or threatened species under the Act. On September 27, 2011, the Service published a 90-day finding in the **Federal Register** (76 FR 59836) announcing that the petition presented substantial scientific or commercial information indicating that listing may be warranted. This document constitutes our 12-month finding on the April 20, 2010, petition to list the Chesapeake logperch under the Act.

Summary of Finding

The Chesapeake logperch is a small, benthic freshwater fish endemic to the lower Susquehanna River basin watersheds and its tributaries in Pennsylvania and Maryland. They primarily occur in large river habitat and connected tributaries where the river width is over 14 meters (45.9 feet). Chesapeake logperch require cobble, large rocks, and boulder substrate with low levels of silt, fine sediment, and substrate embeddedness. The substrate provides cover and protection for juveniles and adults, spawning habitat for egg development, and habitat for Chesapeake logperch forage species. Similar to other darter species, the Chesapeake logperch requires clean flowing water with a variety of substrate types and feeds primarily on macroinvertebrates. To forage, Chesapeake logperch adults move substrate materials and flip rocks to find their prey. Spawning is believed to occur in April through June. Sufficient population size and connectivity are needed for maintaining genetic diversity and to support reproduction and recruitment within populations.

At the population and species level, the Chesapeake logperch requires the same key elements (adequate water quantity and quality, and adequate habitat for shelter, spawning, and feeding) as individuals, at a scale sufficient to support population health and reproduction as well as sustainable population size and connectivity between populations. In general, larger and more closely connected populations are expected to have increased opportunities for reproduction to maintain genetic diversity. Ultimately, Chesapeake logperch viability depends on the number of healthy populations, distribution of healthy populations, and connectivity between populations to allow the species to withstand catastrophic events (*i.e.*, redundancy and resiliency) and suitable genetic and environmental diversity to allow the species to adapt to changing environmental conditions (*i.e.*, representation).

To determine whether the Chesapeake logperch is in danger of extinction throughout all of its range, we have carefully assessed the best scientific and commercial data available regarding the past, present, and future threats to the Chesapeake logperch, and we evaluated all relevant factors under the five listing factors, including any regulatory mechanisms and conservation measures addressing these threats. The primary threats affecting the Chesapeake logperch's biological status include poor

water quality (nutrient loading, sedimentation and siltation, other pollutants) and barriers to dispersal. We also examined other potential threats to Chesapeake logperch including impacts of invasive fish species due to competition and predation and the effects of increased temperatures and changes in precipitation patterns which have the potential to alter the habitat of the Chesapeake logperch. Also, conservation actions such as water quality improvement, barrier removal, and invasive species control projects are likely beneficial to the species. Efforts to improve water quality in the Chesapeake Bay watershed through stream restoration and riparian buffer plantings likely have indirect benefits for the species. A number of completed stream restoration projects likely benefit the Chesapeake logperch specifically and reduce water quality threats.

The Chesapeake logperch occurs in a variety of habitats within the lower Susquehanna River basin watersheds and its tributaries in Pennsylvania and Maryland. To assess resiliency of the Chesapeake logperch, the range was divided into 18 currently occupied analytical units (17 HUC-12s plus the Susquehanna Flats—Chesapeake Bay AU) and these units were treated as separate populations based on occurrence records, expert input, and the species' known distribution within the Susquehanna River basin. The Susquehanna Flats—Chesapeake Bay AU, located at the mouth of the Susquehanna River, in Chesapeake Bay, is not attributed to a HUC-12, so three HUC-12s that surround the area where these fish are found were used as a proxy to assess land use including Swan Creek—Frontal Chesapeake Bay, Rock Run—Susquehanna River, and Mill Creek—Furnace Bay.

We conducted qualitative assessments of the current condition (resiliency analysis) of each population through evaluations of variables encompassing the species' demographics. We also assessed the level of habitat impairment in each AU (impairment analysis). The level of impairment provides an understanding of the quality of Chesapeake logperch habitat in each AU. The level of impairment did not affect resiliency scores for the AUs but provided contextual information and assisted in the analysis of future conditions.

We determined the resiliency scores for 15 of the 18 AUs, as these AUs could be assessed using the demographic data available. We conducted the impairment analysis on all AUs except for the Elk Neck—Frontal Chesapeake Bay (17 of 18 AUs), as water impairment data were

unavailable for this AU. The resiliency scores of three AUs were considered “unknown,” as we did not have sufficient demographic information available to inform the resiliency assessment; However, habitat variables for the impairment analysis were evaluated for two of these three “unknown” units (North East River—Frontal Chesapeake Bay, and Susquehanna Flats—Chesapeake Bay).

Currently, 73 percent of the species’ range (11 of 15 AUs) is categorized as highly or moderately resilient, based on demographic information (abundance, distribution, population trend). Additionally, most of the species’ range had some to no impairment (76 percent or 13 of 17 AUs) based on habitat factors (land cover, water impairment, dams). This level of high to moderate resiliency across most of the Chesapeake logperch’s range contributes to its ability to withstand stochastic events. Despite threats acting on Chesapeake logperch, there are many moderately to highly resilient units spread throughout the species’ range, thus contributing to the species’ ability to withstand catastrophic events such as strong storms and extensive droughts (high redundancy). While a potential catastrophic event could impact several AUs at once, a catastrophic event is unlikely to impact the species throughout its entire range.

The representation (adaptive capacity) analysis of Chesapeake logperch indicates that the species’ capacity to adapt to change is moderately high based on gene flow throughout most of its range and several life history characteristics (e.g., high fecundity, flexible feeding habits, habitat generalist). Despite some loss of genetic diversity over time from a few extirpated sites across its range, and other life history characteristics that suggest lower adaptive capacity (e.g., low recruitment, small occurrence extent), and reduced ability to disperse or move out of harm’s way when conditions in current locations become temporarily or permanently unsuitable (shift in space) due to dams in some locations, the Chesapeake logperch life history characteristics and gene flow throughout its range indicate that its current representation is moderately high, and thus, sufficient to support species viability. Thus, after assessing the best scientific and commercial data available, we conclude that the Chesapeake logperch is not in danger of extinction throughout all of its range.

Therefore, we proceeded with determining whether the Chesapeake logperch is likely to become in danger of extinction within the foreseeable

future throughout all of its range. For the Chesapeake logperch, we considered future condition at three timesteps to capture both a nearer-term assessment of future condition and longer-term assessment of the future. These timesteps include: (1) 2040, 2075, and 2100 to simulate future condition at three timesteps, (2) 2040 and 2075, roughly 15 and 50 years into the future, and (3) 2100, the end of this century. These years also align with the available datasets for land cover and climate scenarios. For each timestep we considered changes in resiliency under two future climate scenarios, a lower impacts scenario representing a lower trajectory for climate effects, and a higher impacts scenario, representing a higher trajectory for climate effects (a total of six scenarios). We used the FOREcasting SCenarios of Land-Use Change (FORE-SCE) B2 (lower impacts) and A2 (higher impacts) land use scenarios to calculate the percent change in current non-developed and non-agricultural lands to be lost in each AU under each scenario at each timestep.

The best scientific and commercial data available indicate that the Chesapeake logperch will maintain similar levels of resiliency, redundancy, and representation into the future. Almost all AUs (93.3 percent or 14 out of 15) are expected to maintain the same level of resiliency in the future that they have currently in the lower impacts scenario throughout all timesteps. For the higher impacts scenario, 13 out of 15 AUs (86.7 percent) are expected to maintain the same level of resiliency in the future. Thus, redundancy and representation may slightly decline. There is no anticipated change in the risk of catastrophic events in the future. Similar to the impacts in current condition, future catastrophic events may impact one or more AUs but are not likely to impact the species throughout its range. Overall, we do not expect any extreme changes in resiliency across all AUs, therefore redundancy is likely to remain similar to current levels.

Although some redundancy and representation for the Chesapeake logperch is expected to decrease under the higher impact scenario at the later timesteps, the species would continue to occur in multiple moderately to highly resilient AUs across its range within the foreseeable future. Thus, based on the best scientific and commercial data available, we determine that the Chesapeake logperch is not likely to become in danger of extinction within the foreseeable future throughout all of its range.

Having determined that the Chesapeake logperch is not in danger of extinction or likely to become so within the foreseeable future throughout all of its range, we now consider whether it may be in danger of extinction or likely to become so within the foreseeable future throughout a significant portion of its range. In undertaking this analysis for the Chesapeake logperch we began by identifying portions of the range where the biological status of the species may be different from its biological status elsewhere in its range. For this purpose, we considered information pertaining to the geographic distribution of (a) individuals of the species, (b) the threats that the species faces, and (c) the resiliency condition of populations.

For many species, we can divide its range in an infinite number of ways. To assess current resiliency of the Chesapeake logperch, we divided the range into 18 AUs primarily based on HUC-12s, along with one AU for the open water population (the Susquehanna Flats—Chesapeake Bay AU). Individuals of the species are likely to interact with each other more frequently within river systems than across river systems. In summary, HUC-12s are the units that provide the appropriate scale to assess extinction risk and potential differences in regulatory status across the Chesapeake logperch’s range.

We examined the primary threats facing the Chesapeake logperch as discussed above including any cumulative effects from these threats. We first considered whether the Chesapeake logperch may be in danger of extinction throughout a significant portion of its range. We identified and evaluated a portion of the range consisting of four AUs in the southern part of the species range where the Chesapeake logperch has a higher extinction risk than the rest of the range and may be in danger of extinction. They include Basin Run-Octoraro Creek, North East Creek, Mill Creek-Furnace Bay, and Swan Creek-Frontal Chesapeake Bay. These four AUs currently have low resiliency due to high water impairment, instream barriers, low population abundance and distribution, or low availability of stream habitat. In summary, we find that the Chesapeake logperch is not in danger of extinction in the remaining AUs, but it may be in danger of extinction throughout a portion of the range—the southern portion.

For this portion of the range where the Chesapeake logperch may be in danger of extinction, we first addressed whether it is “significant.” For the

purposes of this analysis when considering whether a portion is “significant,” we considered its conservation value for the species. The southern portion represents only a small geographical proportion of the range, containing a small percentage of populations (4 of 18 AUs) of the species. In addition, habitat is similar across the range of the Chesapeake logperch and the southern portion does not provide any unique ecological settings or habitat types for the species. Therefore, this is not a significant portion of the range of the Chesapeake logperch.

As a result of our finding that this portion of the range is not “significant,” we do not need to determine whether the Chesapeake logperch is in danger of extinction throughout this portion of the range. Therefore, no portion of the species’ range provides a basis for determining that the species is in danger of extinction throughout a significant portion of its range. This does not conflict with the courts’ holdings in *Desert Survivors* and *CBD v. Jewell*, because, in reaching this conclusion, we did not apply the aspects of the 2014 SPR Policy, including the definition of “significant,” that those court decisions held to be invalid. Thus, after assessing the best scientific and commercial data available, we conclude that the Chesapeake logperch is not in danger of extinction throughout a significant portion of its range. Therefore, we proceed with determining whether the Chesapeake logperch is likely to become in danger of extinction within the foreseeable future throughout a significant portion of its range.

For the threatened species determination, we examined the same threats as discussed above: degraded water quality (*i.e.*, eutrophication, sedimentation/siltation, pollutants), barriers to dispersal (dams), changes in temperature and precipitation, and invasive species predation and competition, including cumulative effects. We identified and evaluated a portion of the range where the Chesapeake logperch has a higher extinction risk than the rest of the range and may be threatened that includes five AUs in the southern part of the species range. They include Basin Run—Octoraro Creek, North East Creek, Mill Creek—Furnace Bay, Swan Creek—Frontal Chesapeake Bay, and Lower Deer Creek.

In each AU within this portion of the range, the projected resiliency is low due to water quality impairment, instream barriers, low population abundance and distribution, or low availability of stream habitat. The resiliency of four of the AUs remains

low (similar to current condition) and one additional AU (Lower Deer Creek) is expected to decrease from moderate to low for all timesteps. This is due to a projected increase in land use change and potential impacts from warming and changing rainfall patterns, such as water temperatures that may exceed Chesapeake logperch tolerance.

For this portion of the range where the species may become in danger of extinction within the foreseeable future, we first addressed whether it is “significant.” The southern portion represents only a small geographical proportion of the range, containing a small percentage of populations (5 of 18 AUs) of the species. In addition, habitat is similar across the range of the Chesapeake logperch and this portion of the range does not provide any unique ecological settings or habitat types for the species.

As a result of our finding that this portion of the range is not “significant,” we do not need to determine whether the Chesapeake logperch is likely to become in danger of extinction within the foreseeable future throughout this portion of the range. Therefore, no portion of the species’ range provides a basis for determining that the species is likely to become in danger of extinction within the foreseeable future throughout a significant portion of its range. This does not conflict with the courts’ holdings in *Desert Survivors* and *CBD v. Jewell*, because, in reaching this conclusion, we did not apply the aspects of the 2014 SPR Policy, including the definition of “significant,” that those court decisions held to be invalid. Thus, after assessing the best scientific and commercial data available, we conclude that the Chesapeake logperch is not likely to become in danger of extinction within the foreseeable future throughout a significant portion of its range.

Based on the best scientific and commercial data available, we determine that the Chesapeake logperch does not meet the definition of an endangered species or a threatened species in accordance with sections 3(6) and 3(20) of the Act. Therefore, we find that listing the Chesapeake logperch is not warranted at this time. A detailed discussion of the basis for this finding can be found in the Chesapeake logperch species assessment form and other supporting documents on <https://www.regulations.gov> under Docket No. FWS-R5-ES-2026-2806 (see **ADDRESSES**, above).

Peer Review

In accordance with our joint policy on peer review published in the **Federal**

Register on July 1, 1994 (59 FR 34270), and our August 22, 2016, memorandum updating and clarifying the role of peer review in listing actions under the Act, we solicited independent scientific reviews of the information contained in the Chesapeake logperch SSA report. We sent the SSA report to seven independent peer reviewers and received six responses. Results of this structured peer review process can be found at <https://www.regulations.gov> under Docket No. FWS-R5-ES-2026-2806. We incorporated the results of these reviews, as appropriate, into the SSA report, which is the foundation for this finding.

Kirtland’s Snake

Previous Federal Actions

On April 20, 2010, we received a petition from CBD, Alabama Rivers Alliance, Clinch Coalition, Dogwood Alliance, Gulf Restoration Network, Tennessee Forests Council, and West Virginia Highlands Conservancy to list 404 aquatic, riparian, and wetland species, including Kirtland’s snake as an endangered or a threatened species under Act. On September 27, 2011, we found that the petition presented substantial scientific or commercial information indicating that the listing of 374 species, including the Kirtland’s snake, may be warranted (76 FR 59836). We completed a SSA report in 2017 to compile the best scientific and commercial data available regarding the species’ biology and factors that influence the species’ viability. On October 5, 2017, we published a 12-month finding determining that listing the Kirtland’s snake was not warranted (82 FR 46618).

On June 8, 2022, CBD and the Hoosier Environmental Council submitted a complaint challenging this decision. The complaint focused on our analysis of the five listing factors, climate change impacts, and significant portion of the range. On July 1, 2024, we signed a settlement agreement with the plaintiffs wherein we agreed to re-evaluate the status of the Kirtland’s snake under the Act and send a new 12-month finding to the **Federal Register** on or before June 30, 2026, which was later extended to September 28, 2026. We then developed the 2026 SSA report, which serves as the biological underpinning of our decision on whether the Kirtland’s snake warrants protection under the Act. This document constitutes our new 12-month finding fulfilling the July 1, 2024, settlement agreement to re-evaluate Kirtland’s snake under the Act.

Summary of Finding

The Kirtland's snake is a small, slender, non-venomous, and secretive snake historically found sporadically distributed across areas of Illinois, Missouri, Indiana, Michigan, Kentucky, Tennessee, Ohio, Pennsylvania, and Wisconsin. Extant sites occur in every State except Pennsylvania and Wisconsin. The Kirtland's snake is fossorial (*i.e.*, living primarily underground) and is always found in close proximity to a permanent or seasonal water source, including wetlands, streams, reservoirs, lakes, or ponds. Across its range, the Kirtland's snake uses diverse and varied moist habitats primarily prairie habitats or wet grasslands, but it also occurs in urban and suburban areas with temporary or permanent water sources.

Five elements are essential for Kirtland's snake survival: moist soils, burrows, cover, hibernation areas, and prey. The Kirtland's snake spends most of its time underground in moist soil and is often found in or near crayfish burrows. When the Kirtland's snake is above ground, it is almost always found under natural or artificial cover objects instead of basking or moving through open areas. The Kirtland's snake preys primarily on worms, slugs, and crayfish. Individuals exhibit within- and between-year site fidelity (*i.e.*, returning to the same location) and have relatively small home ranges (approximately 650 square meters) (0.16 acres). Generally, population viability requires healthy demography and sufficient habitat. Kirtland's snake viability depends on there being a sufficient number and distribution of healthy populations to ensure that the species can withstand annual variation in its environment (*i.e.*, resiliency), catastrophes (*i.e.*, redundancy), and novel biological and physical changes in its environment (*i.e.*, representation).

We have carefully assessed the best scientific and commercial data available regarding the past, present, and future threats to the Kirtland's snake, and we evaluated all relevant factors under the five listing factors, including any regulatory mechanisms and conservation measures addressing these threats. The primary threats affecting the Kirtland's snake's biological status include habitat loss and modification, and temperature, precipitation, and soil moisture alterations.

Habitat loss and modification have occurred across the range of the Kirtland's snake and remain an ongoing threat in parts of the range as grasslands, forests, and wetlands are converted to agriculture, residential, or other uses.

Ground disturbance may cause injury or mortality of individuals and snakes can be permanently displaced when suitable habitat is no longer available. In addition, habitat fragmentation has been suggested as a potential threat leading to population isolation. However, the Kirtland's snake can occur in high numbers in fragmented, small patches of habitat, so long as certain key features (*e.g.*, moist soils) are present. While Kirtland's snakes have been documented in some smaller urban and suburban sites for decades, these sites are more vulnerable to future development and other threats compared to protected sites because habitat quality is poorer and protected sites are generally not at risk of development. Across the species' range, 30 percent of extant Kirtland's snake sites are owned or managed by conservation organizations or agencies which provide some protection from these threats.

Temperature, precipitation and soil moisture alterations are stressors for the Kirtland's snake. Average temperatures are expected to increase in the Midwest into the future. Moist soil (a key habitat requirement) is expected to significantly decline in the August to October time period (the warmest and driest portion of the Kirtland's snake active period, and also the period when females give birth to young, and when young could be vulnerable to desiccation) into the future. This drying trend is expected to be accompanied by increased variability in precipitation, more frequent wet-dry transitions, and more extreme flooding and drought events. The best scientific and commercial data indicate Kirtland's snakes can likely survive underground in crayfish burrows during typical seasonal flood events and during occasional more severe floods, but with potential negative impacts to body condition and reproductive capacity that year. Floods that are long-term or very severe may cause mortality of individuals and could impact whole populations. In the Midwest, droughts that result in vegetation losses and water shortages are typically rare and usually cover only a small portion of the region, although records of the Kirtland's snake have been confirmed throughout many counties that experienced periods of drought since 2000. The Kirtland's snake's ability to aestivate (enter a state of dormancy with reduced activity and metabolic rate) and the fact that they spend most of their time underground in moist soil using crayfish and other animal burrows suggests an ability to withstand dry periods. The Kirtland's snake is capable

of colonizing restored wetland habitat when adjacent to existing populations of Kirtland's snakes, demonstrating their ability to move short distances into suitable habitat. Additionally, the fossorial behavior of the Kirtland's snake may allow it to withstand some changes in temperature and precipitation by remaining in underground burrows that retain moisture and modulate temperature.

We used the presence of suitable habitat (habitat which meets the species' needs) with vegetative cover and water resources as a way to measure resiliency. Kirtland's snake redundancy was assessed using the number and distribution of extant and possibly extant sites across the range. We assessed representation of the species in the form of ecological diversity as well as the ability of the Kirtland's snake to disperse or move out of harm's way when conditions in current locations become temporarily or permanently unsuitable from a "shift in space."

To determine whether the Kirtland's snake is in danger of extinction throughout all or a significant portion of its range, we reviewed the threats, the responses to those threats (including any cumulative effect of the threats), and any amelioration of the threats associated with regulatory or conservation measures. We began by determining the scale that is biologically appropriate for a classification determination for the snake.

For assessing viability of the Kirtland's snake, we divided the range into sites and counties. The best scientific and commercial data available does not indicate how to combine sites into biologically-based units (populations). It is possible that snakes can move within and among sites and across county lines; therefore, we considered whether county-level units could be combined into a biologically based unit. Ultimately, we found that there are three counties across northern Tennessee and southern Kentucky (TN/KY) that are separated enough that snakes are unlikely to interact with the rest of the range. Therefore, we conducted our analysis considering two units of Kirtland's snake: the TN/KY unit and the unit including counties within the rest of the range.

The best scientific and commercial data available indicate that the Kirtland's snake is not in danger of extinction in either unit (the TN/KY unit and the unit including counties within the rest of the range). There are highly resilient sites spread across the range in both units. Specifically, in the TN/KY unit, 100 percent of sites have high condition of suitable vegetative

cover and water resources and thus have high resiliency. In the unit including counties within the rest of the range, 49 percent of counties had more than half of evaluated sites in high condition of suitable vegetative cover and water resources and thus high resiliency. The species' range is relatively large, covering seven States across the Midwest with varying temperature and precipitation conditions, and the overall current range still encompasses the majority of the historical range. There has been a slight reduction from the known historical range to the current range in the unit including the counties within the rest of the range in some of the easternmost areas. The TN/KY unit has expanded from previously known historical levels into a new county since 2017 but is adjacent to the counties that already had known records in that area. Therefore, the ecological diversity that occurs across the species range remains comparable to historical conditions in each of the two units. The species also has the adaptive capacity to withstand unsuitable climate conditions by seeking refuge in underground burrows that retain moisture and modulate temperature. The best scientific and commercial data indicate that this capacity has not changed from the snakes' historical capabilities.

In summary, we find that the Kirtland's snake is not in danger of extinction in any areas across its range (*i.e.*, in neither unit). Thus, there is no portion of the range where the Kirtland's snake may be in danger of extinction. Because there is no portion of the range in which the Kirtland's snake is endangered, it also logically cannot be in danger of extinction throughout all of its range. Thus, after assessing the best scientific and commercial data available, we conclude that the Kirtland's snake is not in danger of extinction throughout all or a significant portion of its range. This does not conflict with the decision in *Everson* because we have determined that there is no portion of the range where the species may be in danger of extinction (*i.e.*, the species cannot be in danger of extinction throughout a significant portion of its range). Therefore, we proceed with determining whether Kirtland's snake is likely to become in danger of extinction within the foreseeable future throughout all or a significant portion of its range.

We evaluated whether the Kirtland's snake has a similar risk of extinction within the foreseeable future in all areas across its range by assessing its extinction risk within the same biologically-based units as we did for the endangered species classification

(the TN/KY unit and the unit including counties within the rest of the range). For the future condition of the species, we evaluated changes in land cover (as a proxy to measure changes in suitable habitat) and soil storage, which quantifies water stored in the soil column, into the future under two plausible scenarios. We considered future condition at two timesteps, mid-century (2041–2070) and late-century (2071–2100), to capture both a nearer-term and longer-term assessment of the future condition. These years also align with the available datasets for land cover and climate scenarios. For each time step we considered changes in resiliency under two future climate scenarios using a combination of Shared Socioeconomic Pathways (SSPs) Representative Concentration Pathways (RCPs) scenarios. We selected SSP2–RCP4.5 for the lower bounds scenario and SSP5–RCP8.5 as the upper bounds scenario (Intergovernmental Panel on Climate Change (IPCC) 2021, p. 54). To evaluate changes in soil water storage over time, we used data from the Climate Model Intercomparison Program Phase 6 Localized Constructed Analogs, version 2 monthly water balance model (Alder 2023, entire).

All sites in the TN/KY unit are projected to be in high resiliency regarding the land cover analysis. Although there is a projected minimal decline in the number of high resiliency sites into the future in the unit including counties within the rest of the range, counties with a higher proportion of high resiliency sites are projected to remain widely distributed across the unit. Therefore, future resiliency of the snake is projected to remain comparable to current levels in both units. While the areas in the TN/KY unit are projected to have a change in soil storage into the future, the surrounding states in the unit including counties within the rest of the range are also projected to experience some level of change in soil storage. However, counties with a higher proportion of high resiliency sites are projected to remain distributed across all seven states in both units, and thus the species' ability to withstand catastrophic events, such as prolonged drought, is expected to remain approximately the same as current condition. Additionally, the ecological diversity that occurs across the species range and the species' ability to withstand unsuitable climate conditions by seeking refuge in underground burrows that retain moisture and modulate temperature remains comparable to historical conditions in each of the two units.

In summary, we find that the Kirtland's snake is not likely to become in danger of extinction within the foreseeable future in any areas across its range (*i.e.*, in either unit). Thus, there is no portion of the range where the Kirtland's snake is likely to become in danger of extinction within the foreseeable future. Because there is no portion of the range in which the Kirtland's snake is threatened, it is necessarily not likely to become in danger of extinction within the foreseeable future throughout all of its range. Thus, based on the best scientific and commercial data available, we determine that the Kirtland's snake is not likely to become in danger of extinction within the foreseeable future throughout all or a significant portion of its range.

Based on the best scientific and commercial data available, we determine that the Kirtland's snake does not meet the definition of an endangered species or a threatened species in accordance with sections 3(6) and 3(20) of the Act. Therefore, we find that listing the Kirtland's snake is not warranted at this time. A detailed discussion of the basis for this finding can be found in the Kirtland's snake species assessment form and other supporting documents on <https://www.regulations.gov> under Docket No. FWS–R3–ES–2026–2811 (see **ADDRESSES**, above).

Peer Review

In accordance with our joint policy on peer review published in the **Federal Register** on July 1, 1994 (59 FR 34270), and our August 22, 2016, memorandum updating and clarifying the role of peer review in listing actions under the Act, we solicited independent scientific reviews of the information contained in the Kirtland's snake 2026 SSA report. We sent the 2026 SSA report to three independent peer reviewers and received three responses. Results of this structured peer review process can be found at <https://www.regulations.gov> under Docket No. FWS–R3–ES–2026–2811. We incorporated the results of these reviews, as appropriate, into the SSA report, which is the foundation for this finding.

Orange-fin Madtom

Previous Federal Actions

On April 20, 2010, we received a petition from CBD, Alabama Rivers Alliance, Clinch Coalition, Dogwood Alliance, Gulf Restoration Network, Tennessee Forests Council, West Virginia Highlands Conservancy, Tierra Curry, and Noah Greenwald to list 404

aquatic, riparian, and wetland species, including orangefin madtom, as an endangered or threatened species and to designate critical habitat concurrent with listing under the Act. On September 27, 2011, we published a 90-day finding (76 FR 59836) that the petition contained substantial information indicating listing may be warranted for the species. This document constitutes our 12-month finding on the April 20, 2010, petition to list orangefin madtom under the Act.

Summary of Finding

The orangefin madtom is a small, slender-bodied fish in the catfish family, Ictaluridae. Originally observed in the upper Roanoke River, Virginia (generally considered the geographic core for the species), the orangefin madtom has since been documented in the Dan River, Pigg River, Mayo River, Smith River and James River systems in Virginia and North Carolina. The upper Roanoke, Pigg, Dan, Mayo, and Smith River systems represent the species' historical range. Orangefin madtoms were discovered in 1951 in the upper James River system and are likely the result of an introduction (likely from a bait bucket) from individuals collected from the upper Roanoke River, which is supported by population genetic analyses.

Orangefin madtoms are primarily found in fast-flowing sections of small to large creeks, streams, and rivers with cobble substrate that are free of sand and silt. Orangefin madtoms utilize the interstitial spaces between cobble substrate for shelter and spawning. They feed on small aquatic insects, including flies, mayflies, hydropsychid caddisflies, and midges. Orangefin madtom viability depends on there being a sufficient number and distribution of healthy populations to ensure that the species can withstand annual variation in its environment (*i.e.*, resiliency), catastrophes (*i.e.*, redundancy), and novel biological and physical changes in its environment (*i.e.*, representation).

We have carefully assessed the best scientific and commercial data available regarding the past, present, and future threats to the orangefin madtom, and we evaluated all relevant factors under the five listing factors, including any regulatory mechanisms and conservation measures addressing these threats. The primary threats affecting the orangefin madtom's biological status include water pollution, sedimentation, dams, and extreme flooding and drought events.

To determine whether the orangefin madtom is in danger of extinction

throughout all or a significant portion of its range, we reviewed the threats, the responses to those threats (including any cumulative effect of the threats), and any amelioration of the threats associated with regulatory or conservation measures. We began by determining the scale that is biologically appropriate for a classification determination for the orangefin madtom. For assessing resiliency of the orangefin madtom, we divided the range into 6 river systems which were further divided into smaller HUC-10 AUs, resulting in 17 AUs within the 6 broader river systems. We determined the scale that is biologically appropriate for a classification determination is the six river systems because these basins are areas with similar ecological settings, and differing genetics. Individuals of the species are likely to interact with each other more frequently within river systems than across river systems. In addition, at this largest unit scale (*i.e.*, river system), we can assess whether there are multiple resilient populations in a geographic distribution that can help guard against losses from catastrophic events or provide sources of adaptive capacity. In summary, river systems are the units that provide the appropriate scale to assess extinction risk and potential differences in regulatory status across the orangefin madtom's range.

We then evaluated whether the orangefin madtom has a similar near-term risk of extinction in all areas across its range by assessing its extinction risk within each river system. We determined that the orangefin madtom's near-term extinction risk varies across its range such that its regulatory status may be different in a portion of the range.

We found the orangefin madtom is not in danger of extinction in the Upper Roanoke, James, Pigg, and Dan River systems. All but one AU are highly to moderately resilient with stable population trends. Orangefin madtoms in AUs with high or moderate resiliency are characterized by being abundant to somewhat abundant with increasing or stable population trends. Moderate to high resiliency indicates that the species has the ability to withstand stochastic events and the threats we identified. In assessing redundancy within each of these systems, while there is a risk for catastrophic events (*e.g.*, chemical spills and extreme flooding or drought events), we found it unlikely an entire river system would be affected at one time. Further, redundancy has increased with the expansion in the James River system.

Lastly, representation is likely similar to historical levels given the similar range. Orangefin madtoms exhibit traits that contribute both positively and negatively to adaptive capacity. Positive traits include the species' ability to move and spread out within suitable habitat and to disperse away from altered habitats. Therefore, the threats acting in the near-term on the species in the Upper Roanoke, James, Pigg, and Dan River systems are not of a magnitude to increase the risk of extinction to the point where the species is in danger of extinction in any of those river systems and these AUs are not included in the portion being evaluated for the endangered classification. The Smith and Mayo River systems, however, contain smaller populations with isolated distributions and decreasing population trends which are more vulnerable to the threats we identified. Therefore, we found orangefin madtom may be in danger of extinction in a portion of the range—the Smith and Mayo River systems.

For this portion of the range where the orangefin madtom may be in danger of extinction, we first addressed whether it is "significant." For the purposes of this analysis when considering whether a portion is "significant," we considered its conservation value for the species. To quantify the amount of occupied stream habitat within each river system, we measured the linear distance between the farthest upstream and downstream orangefin madtom records (using all known records). The Smith and Mayo River system portion represents only a small proportion of occupied stream habitat (12 percent) for the orangefin madtom. Also, while the Smith and Mayo River system portion contains two of the six river systems, the portion does not possess any high value or unique habitat because the habitat features are similar to the features found in the other river systems in the range.

As a result of our finding that this portion of the range is not "significant," we do not need to determine whether the orangefin madtom is in danger of extinction throughout this portion of the range. Therefore, no portion of the species' range provides a basis for determining that the species is in danger of extinction throughout a significant portion of its range. This does not conflict with the courts' holdings in *Desert Survivors* and *CBD v. Jewell*, because, in reaching this conclusion, we did not apply the aspects of the 2014 SPR Policy, including the definition of "significant," that those court decisions held to be invalid. Because the orangefin madtom is not in danger of

extinction in part of the range (Upper Roanoke, James, Pigg, and Dan River systems), the species also logically cannot be in danger of extinction throughout all of its range.

Thus, after assessing the best scientific and commercial data available, we conclude that the orangefin madtom is not in danger of extinction throughout all or a significant portion of its range. Therefore, we proceed with determining whether the orangefin madtom is likely to become in danger of extinction within the foreseeable future throughout all or a significant portion of its range.

We predicted future resiliency based on the projected percent forest and wetland loss under two climate scenarios (*i.e.*, “lower impact” and “higher impact” scenarios) at two timesteps: years 2040 and 2075. We used the FORE–SCE B2 (lower impacts) and A2 (higher impacts) land use scenarios to calculate the percent change in forest and wetland cover within each AU as a proxy for changes in water quality. While the FORE–SCE model projects land use changes under two future climate scenarios, it does not account for other potential impacts (*e.g.*, changes in timing and intensity of precipitation, warming temperatures, etc.). Therefore, we relied on RCPs to qualitatively analyze and discuss potential impacts not accounted for in the FORE–SCE model. RCP4.5 is a lower impacts scenario that would relate most closely with our B2 scenario in FORE–SCE, and RCP8.5 is a higher impacts scenario that would relate most closely with our A2 scenario in FORE–SCE.

Similar to current condition, in assessing redundancy in the future, we considered the potential effects of chemical spills and extreme flooding or drought events. We evaluated whether the orangefin madtom has a similar risk of extinction within the foreseeable future in all areas across its range by assessing its extinction risk within each river system. Similar to our evaluation of current condition, we determined the river system is the biologically appropriate scale to evaluate future condition. Our review indicated that the orangefin madtom’s extinction risk varies across its range such that its regulatory status may be different in a portion of the range.

We found the orangefin madtom is not likely to become in danger of extinction within the foreseeable future in the Upper Roanoke and James River systems. All but one AU within these river systems is projected to have high or moderate resiliency under all future scenarios. The moderate to high resiliency of AUs within each river

system indicates that the species has the ability to withstand stochastic events and the threats we identified. While there is a risk for catastrophic drought, flooding, or large pollution events to occur, it is unlikely that these events would impact the entire species’ range (or river system) at the same time. Overall, while water pollution, sedimentation, dams, and flooding/drought are predicted to affect the orangefin madtom, given the projected number of highly to moderately resilient populations with stable population trends within the Upper Roanoke and James River systems, the threats are not of a magnitude to increase the risk of extinction to the point where the species is likely to become in danger of extinction within the foreseeable future; therefore, they are not included in the portion being evaluated for the threatened classification. Because there is a part of the range in which the orangefin madtom is not threatened, it is necessarily not likely to become in danger of extinction within the foreseeable future throughout all of its range.

The Pigg, Smith, Mayo, and Dan River systems, however, are projected to have smaller populations with isolated distributions and decreasing population trends under the 2070 higher impact scenario. Therefore, we found orangefin madtom may be likely to become in danger of extinction within the foreseeable future throughout a portion of the range (*i.e.*, the Pigg, Smith, Mayo, and Dan River systems).

For the Pigg, Smith, Mayo, and Dan River portion of the range, we first addressed whether it is “significant.” For the purposes of this analysis when considering whether a portion is “significant,” we considered its conservation value for the species. The Pigg, Smith, Mayo, and Dan River systems portion represents only a small proportion of occupied stream habitat (35 percent) for the orangefin madtom. Also, the portion does not possess high value or unique habitat because the habitat features are similar to the features found in the other river systems in the range.

As a result of our finding that this portion of the range is not “significant,” we do not need to determine whether the orangefin madtom is likely to become in danger of extinction within the foreseeable future throughout this portion of the range. Therefore, no portion of the species’ range provides a basis for determining that the species is likely to become in danger of extinction within the foreseeable future throughout a significant portion of its range. This does not conflict with the courts’

holdings in *Desert Survivors* and *CBD v. Jewell*, because, in reaching this conclusion, we did not apply the aspects of the 2014 SPR Policy, including the definition of “significant,” that those court decisions held to be invalid. Because the orangefin madtom is not likely to become in danger of extinction within the foreseeable future in part of the range (Upper Roanoke and James River systems), the species also logically cannot be likely to become in danger of extinction within the foreseeable future throughout all of its range. Thus, after assessing the best scientific and commercial data available, we conclude that the orangefin madtom is not likely to become in danger of extinction within the foreseeable future throughout all or a significant portion of its range.

Based on the best scientific and commercial data available, we determine that the orangefin madtom does not meet the definition of an endangered species or a threatened species in accordance with sections 3(6) and 3(20) of the Act. Therefore, we find that listing the orangefin madtom is not warranted at this time. A detailed discussion of the basis for this finding can be found in the orangefin madtom species assessment form and other supporting documents on <https://www.regulations.gov> under Docket No. FWS–R5–ES–2026–2807 (see **ADDRESSES**, above).

Peer Review

In accordance with our joint policy on peer review published in the **Federal Register** on July 1, 1994 (59 FR 34270), and our August 22, 2016, memorandum updating and clarifying the role of peer review in listing actions under the Act, we solicited independent scientific reviews of the information contained in the orangefin madtom SSA report. We sent the SSA report to four independent peer reviewers and received four responses. Results of this structured peer review process can be found at <https://www.regulations.gov> under Docket No. FWS–R5–ES–2026–2807. We incorporated the results of these reviews, as appropriate, into the SSA report, which is the foundation for this finding.

Tall Western Penstemon

Previous Federal Actions

On December 4, 2020, we were petitioned to list the tall western penstemon as an endangered species under the Act by CBD and Native Plant Society of Oregon. On October 19, 2022, we published a 90-day finding in the **Federal Register** that the petition

presented substantial scientific or commercial information indicating that multiple species, including the tall western penstemon, may be warranted for listing under the Act (87 FR 63468). This document constitutes our 12-month finding on the December 4, 2020, petition to list tall western penstemon under the Act.

Summary of Finding

Tall western penstemon is a long-lived tall herbaceous perennial forb in the *Plantaginaceae* (formerly *Scrophulariaceae*) family with purplish-blue tubular flowers. It is endemic to the northern Willamette Valley and southern Puget Trough region of Oregon and Washington. It is a narrow endemic species that occurs in small, isolated populations ranging in size from roughly 100 to 6,000 flowering stems. The species is found primarily in wet prairie but also in other seasonally wet habitats, including openings in forested Oregon white oak (*Quercus garryana*) and Oregon ash (*Fraxinus latifolia*) wetlands, and open riparian forests. Tall western penstemon was presumed extinct but rediscovered in 2008 on the Tualatin River National Wildlife Refuge (NWR) in Oregon (Christy and Maffitt 2018, p. 8). The plants are seasonally dormant in the winter when their habitat is typically flooded. The basal leaves emerge in the spring as early as March or April, with stem elongation from April to May. In late May, flowering begins and continues through August, along with capsule (seed pod) development. In August to September, capsules mature and split to allow seed dispersal, with some capsules remaining intact with seeds on stems until the following growing season. Individual plants can have from 1 to 100 or more flowering stems, each with 10 to 80 flowers per stem. Individual plants appear to be relatively long-lived and have the capacity to flower and produce seeds every year. Demographic data for this species are not available; however, individual plants have been observed for multiple years in a row, and other penstemon species are known to survive for greater than 13 years with an average of 9–10 years. Tall western penstemon reproduces both sexually and asexually. Asexual, vegetative reproduction occurs via layering, where lateral stems root at the nodes forming dense mats of genetically identical plants. Sexual reproduction occurs when flowers are successfully pollinated, forming capsule fruits and seeds that then disperse and germinate.

There are currently 21 populations of tall western penstemon, including 5 extant populations (historical

populations that continue to exist today) and 16 reintroduced populations. Nine of the reintroduced populations are newly established sites planted in 2025, some of which are already documented to be flowering. In addition, three plant nurseries maintain tall western penstemon plants and store native seed in storage for future population restoration and reintroduction efforts, one of which (Metro Native Plant Center) also established a seed amplification bed in 2025. Two additional introduced sites in southern Benton County, Oregon, each support only 3–4 individual plants. Due to their small size and isolation from all other tall western penstemon populations, these sites are not considered viable populations. All recognized populations of tall western penstemon occur on protected lands or areas managed for wet prairie habitat, conditions that support the tall western penstemon.

We have carefully assessed the best scientific and commercial data available regarding the past, present, and future threats to the tall western penstemon, and we evaluated all relevant factors under the five listing factors, including any regulatory mechanisms and conservation measures addressing these threats. The primary threats affecting the tall western penstemon's biological status include invasive plant species, woody vegetation encroachment, habitat destruction and fragmentation, small population sizes, and the alteration of seasonal wetland dynamics. We also examined other potential threats including disease and herbivory, but there are no documented instances of herbivory, disease, seed predation, or pathogens affecting this species.

Currently, there are several conservation measures that are ameliorating the threats to the tall western penstemon. All populations of tall western penstemon occur on lands protected and/or managed by the Washington Department of Natural Resources (WDNR), the Tualatin River National Wildlife Refuge (NWR), or properties owned and managed by the regional government for the Oregon portion of the Portland metropolitan area (Metro). WDNR, Tualatin River NWR, and Metro each implement a range of habitat management actions via established resource management plans that support tall western penstemon habitat and target threats to the species such as herbicide treatments for invasive species and mowing to curb woody vegetation encroachment. Tall western penstemon population augmentations and reintroductions have occurred in the past and are planned for the future, enhancing the species'

redundancy across its range. In 2025, nine new sites and a seed amplification bed were planted within the species' historical range, with approximately half confirmed to be flowering in the same year. Since the species' rediscovery in 2008, focused efforts in propagation and seed collection have supported these restoration initiatives. Two aforementioned nurseries, Metro Native Plant Center and Corvallis Plant Material Center, both maintain plant material and seed stock, and Metro Native Plant Center is also engaged in ongoing population augmentation and reintroductions.

At this time, the best scientific and commercial data available indicate that the threats influencing the tall western penstemon have not significantly affected its viability. We evaluated the resiliency, redundancy, and representation of the tall western penstemon using three demographic, three habitat, and one conservation metric. Results of our current condition analysis showed one population in high condition, five populations in moderate condition, three populations in low condition, and three populations in unknown condition due to limited data. The broad distribution of populations with high or moderate resiliency across the range provides redundancy and protection against catastrophic events that may impact the species' viability, as well as help the species cope with stochastic changes in its environment. While the tall western penstemon has a lower adaptive capacity due to its limited ability to disperse and its low genetic diversity, the species' clonal growth form and long-lived perennial life history confer moderate adaptive capacity allowing the species to adjust to ecological challenges.

In assessing whether the tall western penstemon is in danger of extinction now or likely to become in danger of extinction in the foreseeable future in any significant portion of the species' range, we identified two portions of the range for further assessment: One that contained all of the Oregon populations (the Oregon unit) and one that contained the Washington population (the Washington unit).

We first assessed the Oregon unit. All populations in the Oregon unit exist on protected and managed land; therefore, there is little to no threat of development or land conversion. There are three known seed banks that maintain a genetic bank of seeds and bareroot plants, one of which currently contributes to population augmentation and reintroductions. Past and ongoing successful establishment of new populations of tall western penstemon

in Oregon boosts the species' redundancy in the Oregon unit and lowers the risk of a single catastrophic event would impact all Oregon populations of tall western penstemon. The likelihood for additional future reintroductions and population augmentations would further boost redundancy and also help offset low gene flow resulting from isolation among populations by increasing connectivity across the landscape. The species is not at risk of overutilization and is not negatively impacted by any diseases. Although the threat of woody vegetation encroachment and invasive plant species remains, activities including (but not limited to) targeted herbicide use and mowing occur per the ongoing management plans in place at sites containing tall western penstemon. In addition, population augmentations and reintroductions alleviate these risks, which increases population resiliency and thus improves overall viability of the species. Overall, we found the tall western penstemon is not in danger of extinction in the near term in the Oregon unit; therefore, it is not included in the portion being evaluated for the endangered classification.

However, we found that the Washington unit may be in danger of extinction as it contains only one small, genetically isolated population with low resiliency that occupies a small habitat area. For the Washington unit, we first addressed whether it is "significant." The Washington unit comprises only six percent of the species range and does not occur in a unique habitat type. It contains one population encompassing a small, occupied habitat area. For these reasons, we do not consider the Washington unit to be significant, and thus, we do not need to determine whether the species is in danger of extinction throughout this portion of the range.

Thus, we proceed with determining whether the species is likely to become endangered within the foreseeable future throughout a significant portion of its range (*i.e.*, threatened). Our analysis of four future scenarios, two through 2040 and two from 2040–2069, encompass the best scientific and commercial data available for probable future projections of the impact of threats to the tall western penstemon and the species' resiliency. Scenario 1 considers tall western penstemon viability through 2040 as threats are reduced with the continuation of ongoing conservation efforts by land managers in existing resource management plans, and scenario 2 considers species viability if current primary threats (competition with

invasive plants and woody vegetation encroachment) increase through 2040 without any species-specific conservation efforts. In both scenarios, all populations had sufficient resiliency with populations of moderate resiliency distributed across the range, though some may have lower resiliency in scenario 2. While the alteration of seasonal wetland dynamics was introduced in scenarios 3 and 4, only one population was projected to be extirpated, which reduces the species' redundancy and genetic diversity conferred by that population. However, populations of moderate resiliency are still projected to occur across the landscape in these scenarios, suggesting the species will maintain representation throughout its range despite the influence of threats.

While altered wetland dynamics, invasive species, and woody vegetation encroachment are affecting the tall western penstemon, all populations are on protected lands managed for conservation of habitat. Targeted actions currently being implemented to improve species' habitat and mitigate threats to the species include invasive plant control by herbicides and manual methods, removal of woody vegetation, prescribed fire, mowing and population augmentations and reintroductions using nursery-grown and seed-amplified native plant material. In the Oregon unit, sufficiently resilient populations are present on the landscape to provide for redundancy. In addition, ongoing conservation actions continue to help increase connectivity and resiliency among populations in the Oregon unit. Populations in the Oregon unit are not in danger of overutilization or disease, and the threats that impact populations are being mitigated by conservation measures such that they do not rise to the magnitude necessary to put the species at risk of extinction within the foreseeable future. However, the Washington unit contains a much smaller single population that is genetically and geographically isolated, and therefore more vulnerable to future catastrophic events. In summary, we find that the tall western penstemon is not likely to become in danger of extinction within the foreseeable future in the Oregon unit, but it may be in danger of extinction within the foreseeable future throughout a portion of the range—the Washington unit.

As discussed above, the Washington unit portion of the range is not a significant portion of the range, as the Washington unit comprises only 6 percent of the species range, contains a single population encompassing a small occupied habitat area and does not

occur in a unique habitat type. As a result of our finding that this portion of the range is not "significant," we do not need to determine whether the tall western penstemon is likely to become in danger of extinction within the foreseeable future throughout this portion of the range.

In summary, we evaluated whether the tall western penstemon is endangered or threatened throughout a significant portion of its range. We did not find any portion of the tall western penstemon's range for which both (1) the portion is "significant"; and (2) the species is in danger of extinction in that portion, either now or likely to become so within the foreseeable future. Thus, after assessing the best available scientific and commercial data available, we conclude that the tall western penstemon is not in danger of extinction throughout a significant portion of its range, or likely to become so within the foreseeable future.

Based on the best scientific and commercial data available, we determine that the tall western penstemon does not meet the definition of an endangered species or a threatened species in accordance with sections 3(6) and 3(20) of the Act. Therefore, we find that listing the tall western penstemon is not warranted at this time. A detailed discussion of the basis for this finding can be found in the tall western penstemon species assessment form and other supporting documents on <https://www.regulations.gov> under Docket No. FWS–R1–ES–2026–2808 (see **ADDRESSES**, above).

Peer Review

In accordance with our joint policy on peer review published in the **Federal Register** on July 1, 1994 (59 FR 34270), and our August 22, 2016, memorandum updating and clarifying the role of peer review in listing actions under the Act, we solicited independent scientific reviews of the information contained in the tall western penstemon SSA report. We sent the SSA report to six independent peer reviewers and received two responses. Results of this structured peer review process can be found at <https://www.regulations.gov> under Docket No. FWS–R1–ES–2026–2808. We incorporated the results of these reviews, as appropriate, into the SSA report, which is the foundation for this finding.

New Information

We request that you submit any new information concerning the taxonomy of, biology of, ecology of, status of, or stressors to the Big Bar hesperian, Chesapeake logperch, Kirtland's snake,

orange-fin madtom, Shasta chaparral, Shasta hesperian, Shasta sideband, tall western penstemon, or Wintu sideband to the appropriate person, as specified under **FOR FURTHER INFORMATION CONTACT**, whenever it becomes available. New information will help us monitor these species and make appropriate decisions about their conservation and status. We encourage local agencies and stakeholders to

continue cooperative monitoring and conservation efforts.

References

A complete list of the references used in these petition findings is available in the relevant species assessment form, which is available on the internet at <https://www.regulations.gov> in the appropriate docket (see **ADDRESSES**, above) and upon request from the

appropriate person (see **FOR FURTHER INFORMATION CONTACT**, above).

Authority

The authority for this action is section 4 of the Endangered Species Act of 1973, as amended (16 U.S.C. 1531 *et seq.*).

Brian Nesvik,

Director, U.S. Fish and Wildlife Service.

[FR Doc. 2026–18123 Filed 9–3–26; 8:45 am]

BILLING CODE 4333–15–P

Proposed Rules

Federal Register

Vol. 91, No. 171

Friday, September 4, 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 67

[Docket No. FAA–2026–10990; Notice No. 26–15]

RIN 2120–AM25

Modernizing Medical Standards for Non-Insulin Dependent Diabetes Mellitus Cases

AGENCY: Federal Aviation Administration (FAA), Department of Transportation (DOT).

ACTION: Notice of proposed rulemaking.

SUMMARY: FAA proposes to amend its regulations to allow applicants with non-insulin dependent diabetes mellitus to apply for airman medical certification that may be issued at the time of their medical examination instead of requiring Special Issuance review by FAA. This action would reduce the burden associated with the process of review for Authorization for Special Issuance while recognizing that modern medical advancements have significantly improved the manageability of certain forms of diabetes.

DATES: Send comments on or before October 5, 2026.

ADDRESSES: Send comments identified by docket number FAA–2026–10990 using any of the following methods:

- *Federal eRulemaking Portal:* Go to www.regulations.gov and follow the online instructions for sending your comments electronically.
- *Mail:* Send comments to Docket Operations, U.S. Department of Transportation (DOT), 1200 New Jersey Avenue SE, West Building 5th Floor (W58–213), Washington, DC 20590.
- *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 20590 between 9

a.m. and 5 p.m., Monday through Friday, except Federal holidays.

- *Fax:* Fax comments to Docket Operations at (202) 493–2251.

Docket: Background documents or comments received may be read at www.regulations.gov at any time. Follow the online instructions for accessing the docket or go to the Docket Operations in Room W58–213 of the West Building 5th Floor at 1200 New Jersey Avenue SE, Washington, DC 20590 between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays.

FOR FURTHER INFORMATION CONTACT: Dr. Charles Mathers, Office of Aerospace Medicine, Federal Aviation Administration, 800 Independence Avenue SW, Washington, DC 20591; telephone (405) 954–4821; email 9-AVS-AAM-Rulemaking-Comments@faa.gov.

SUPPLEMENTARY INFORMATION:

I. Executive Summary

A. Overview of Proposed Rule

Under current regulations in 14 CFR part 67, an applicant for medical certification who has an established medical history or clinical diagnosis of diabetes mellitus (commonly referred to as diabetes) that requires insulin or any other hypoglycemic drug for control has a specifically disqualifying medical condition. These applicants must go through the FAA Authorization for Special Issuance of a Medical Certificate (hereafter referred to as “SI” process) under § 67.401, Special issuance of medical certificates. FAA proposes to amend §§ 67.113(a), 67.213(a), and 67.313(a), which provide the general medical standards for a first-class, second-class, or third-class airman medical certificate, to remove the phrase “or any other hypoglycemic drug” from these sections, thereby allowing persons with diabetes that can be controlled through the use of non-insulin medications who meet all other applicable medical qualifications to receive a medical certificate without having to go through the SI process.

Non-insulin dependent diabetes mellitus (NIDDM) is routinely managed by primary care physicians today using a variety of treatments that may include one or a combination of oral or injectable medication(s). The availability of numerous new diabetes

medication classes and other non-insulin treatments has substantially improved disease management. Diabetes is now more effectively controlled, resulting in a reduction in severe complications, including cardiovascular events, hypoglycemia, and other adverse outcomes. This level of disease management did not exist when the current regulatory language was adopted in 1959 and through the many ensuing years.

This rulemaking would allow medical certificate applicants with NIDDM to be evaluated by an Aviation Medical Examiner (AME) instead of being deferred to FAA for consideration of an SI from the Federal Air Surgeon.

B. Summary of the Costs and Benefits

The proposed rule would replace the existing NIDDM certification process, which requires application deferral and FAA review for an SI, with a more efficient process under the general medical standards for applicants with NIDDM. The proposed rule would reduce NIDDM medical certification wait times and FAA processing time, resulting in cost savings to both industry and FAA. Processing all NIDDM cases via the SI process places a burden on applicants and FAA. Reducing time, steps, and number of people required to issue medical certificates in new or recertification cases would provide relief to airmen whose NIDDM is well controlled with approved treatments. Applicant wait times and FAA backlogs would lessen, assuming current resources remain available.

FAA estimates industry cost savings over five years, providing both low and high-case scenarios, based on cost savings per applicant and the estimated total number of applicants during that timeframe. In the low-case scenario, FAA estimates the proposed rule would save industry \$39.70 million (\$34.78 million at a seven percent discount rate, \$37.43 million at a three percent discount rate) in labor hours during the period of analysis. In the high-case scenario, FAA estimates the proposed rule would save industry \$80.19 million (\$70.24 million at a seven percent discount rate, \$75.60 million at a three percent discount rate) in labor hours during the period of analysis.

II. Authority for This Rulemaking

FAA's authority to issue rules on aviation safety is found in title 49 of the United States Code (49 U.S.C.). 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 issued under the authority described in subtitle VII, part A, subpart III, sections 44701, 44702, and 44703. Under section 44701, FAA is charged with prescribing regulations and minimum standards for practices, methods, and procedures the Administrator finds necessary for safety in air commerce. Pursuant to 49 U.S.C. 44701(a)(5), the Administrator is required to promote safe flight of civil aircraft in air commerce by prescribing regulations and minimum standards for cybersecurity and other, methods, and procedures the Administrator finds necessary for safety in air commerce and national security. Under sections 44702 and 44703, the Administrator may issue medical certificates to individuals who are qualified for, and physically able to perform the duties related to, the position to be authorized by the certificate.

This proposed rule is within the scope of those authorities because it would amend the regulations pertaining to airman medical standards and certification to allow applicants with NIDDM potentially to be issued unrestricted medical certificates after ensuring the individuals are qualified and physically able to perform the duties related to their medical certificate, but without the need to go through the SI process.

III. Background

A. Overview of Medical Certificate Process

FAA issues a medical certificate to an applicant who has met specific medical standards required to qualify for, or otherwise perform the duties related to, the applicant's position. There are three classes of medical certificates, each with different requirements and privileges with respect to pilots: first-class medical certificates are required for most airline transport pilots;¹ second-class medical certificates are required for most

commercial pilots;^{2,3} and third-class medical certificates are required for private pilots, student pilots, and recreational pilots, as well as flight instructors and examiners under certain circumstances.⁴ The duration of each class of medical certificate is determined by the age of the applicant on the date of the medical examination and the type of operation being conducted, as set forth in § 61.23(d).

The regulations governing medical standards and certification are contained in 14 CFR part 67, Medical standards and certification. Subparts B, C, and D of part 67 detail the medical eligibility requirements of first-, second-, and third-class medical certificates, respectively. These eligibility requirements include specific standards for vision, hearing, psychological, neurologic, and cardiovascular symptoms, including listing disqualifying conditions for each medical category. Sections 67.113, 67.213, and 67.313 provide the general medical standards that apply to other, unspecified medical conditions, and detail disqualifying conditions that do not fit into the other categories, including diabetes mellitus.

To obtain a medical certificate, an applicant without a specifically disqualifying medical condition

described in subparts B, C, and D of part 67 (for first-class, second-class, and third-class medical certificates, respectively) must undergo a medical examination conducted by an FAA-authorized AME. An applicant who is found to meet the appropriate medical standards, based on the medical examination and an evaluation of the applicant's history and condition, is entitled to a medical certificate.

For applicants who are unable to meet the medical standards, such as those with a disqualifying condition like diabetes mellitus, the regulations provide for the ability to grant issuance of a certificate under § 67.401.⁵ Section 67.401, Special issuance of medical certificates, details the ability of the Federal Air Surgeon to grant an Authorization for Special Issuance of a Medical Certificate or a Statement of Demonstrated Ability (SODA)⁶ to applicants who do not meet the provisions of subparts B, C, or D of part 67 if the person shows to the satisfaction of the Federal Air Surgeon that the duties authorized by the class of medical certificate applied for can be performed without endangering public safety.

B. Regulatory History of Diabetes Medical Standards

In 1959, the Federal Aviation Agency⁷ promulgated the standard to disqualify applicants for medical certificates who have an established history or clinical diagnosis of diabetes mellitus requiring insulin or other hypoglycemic drug for control.⁸ For years after the standard was adopted, FAA did not provide any exemption or special issuances from the diabetes standard. FAA policy was that a medical history or diagnosis of diabetes was disqualifying for all classes of medical certification because of concerns about unpredictable hypoglycemia and the risk it posed to aviation safety.

Since then, however, FAA has incrementally updated the special issuance medical certification protocol for applicants with diabetes. In 1982, FAA published a final rule on special

² Specifically, a person must hold at least a second-class medical certificate: when exercising second-in-command privileges of an ATP certificate in part 121 operations other than in a flag or supplemental operation that requires three or more pilots; when exercising the privileges of a commercial pilot certificate in an aircraft other than a balloon or glider; or when exercising the privileges of a commercial pilot certificate with a balloon class rating, except if the person is providing flight training in a balloon in accordance with § 61.133(a)(2)(ii). See § 61.23(a)(2).

³ In addition to pilots, FAA notes that flight engineers, flight navigators, and certain air traffic control tower operators are required to obtain a second-class medical certificate pursuant to 14 CFR 63.31(c), 63.51(c), and 65.31(c), respectively. The changes proposed in this rule would apply equally to medical certificates issued to flight engineers, flight navigators, and certain air traffic control tower operators as they would to pilots.

⁴ Specifically a person must hold at least a third-class medical certificate: when exercising the privileges of a private pilot certificate, recreational pilot certificate, or student pilot certificate, except when operating under the conditions and limitations of BasicMed; when exercising the privileges of a flight instructor certificate and acting as the pilot in command or as a required flightcrew member, except when operating under the conditions and limitations of BasicMed; when taking a practical test in an aircraft for a recreational pilot, private pilot, commercial pilot, or airline transport pilot certificate, or for a flight instructor certificate, except when operating under the conditions and limitations of BasicMed; or when performing the duties as an Examiner in an aircraft when administering a practical test or proficiency check for an airman certificate, rating, or authorization, except when meeting the requirements to operate under the conditions and limitations of BasicMed. See § 61.23(a)(3).

⁵ See §§ 67.115, 67.215, and 67.315.

⁶ The primary difference between an SI and a SODA is that an SI is valid for a period set by the Federal Air Surgeon based on the conditions of the SI while a SODA has no expiration date. SODAs are generally issued to an applicant whose disqualifying condition is static or nonprogressive and who has been found capable of performing airman duties without endangering public safety.

⁷ From its inception in 1958 through 1967, FAA was known as the Federal Aviation Agency.

⁸ *Amendment of Medical Standards*, 24 FR 7309 (Sep. 11, 1959).

¹ Specifically, a first-class medical certificate is required when exercising pilot-in-command privileges of an airline transport pilot (ATP) certificate; when exercising second-in-command privileges of an ATP certificate in a flag or supplemental operation under 14 CFR part 121 that requires three or more pilots; or when serving as a required pilot in a part 121 operation if the pilot is 60 years or older. See § 61.23(a)(1).

issuance of airman medical certificates.⁹ In the discussion of that final rule, FAA explained that it would continue its existing policy of denying medical certification to individuals with diabetes, regardless of whether the condition was controlled with insulin or other hypoglycemic medications. FAA indicated, however, that if future medical advances should make certification possible, FAA would consider those factors in its review of medical standards.

Shortly after the 1982 final rule, FAA initiated a contract with the American Medical Association (AMA) to assist in a review of the medical standards for airmen and FAA's medical certification practices and procedures. The AMA presented its report (AMA report) on March 26, 1986, and FAA invited the public to comment in its announcement of that report.¹⁰

In the late 1980s, FAA began to grant special issuance of medical certificates to individuals who controlled their diabetes with diet and oral hypoglycemic drugs. In 1994, FAA issued an NPRM¹¹ to revise a number of the medical standards in part 67 substantially based largely on the findings of the AMA report. In the discussion of that NPRM, FAA noted that “(t)he AMA report recommended that persons whose diabetes is adequately controlled with oral hypoglycemic drugs and who show evidence of stability and freedom from adverse effects be considered for medical certification with proper medical monitoring.” In the final rule issued in 1996,¹² while no changes were made to the text of the diabetes standards, FAA formally adopted a policy of no longer categorically denying medical certification applications of persons with diabetes requiring oral hypoglycemic drugs.¹³

⁹ *Special Issuance of Airman Medical Certificates and Revision of Cardiovascular and Alcoholism Standards* final rule, 47 FR 16298 (Apr. 15, 1982).

¹⁰ *Review of Medical Standards and Certification Procedures; Availability of Report and Request for Comments* notice, 51 FR 19040 (May 23, 1986).

¹¹ *Revision of Airman Medical Standards and Certification Procedures and Duration of Medical Certificates* NPRM, 59 FR 53226 (Oct. 21, 1994).

¹² *Revision of Airman Medical Standards and Certification Procedures and Duration of Medical Certificates* final rule, 61 FR 11238 (Mar. 19, 1996).

¹³ In 1996, FAA issued a policy statement regarding the issuance of third-class airman medical certificates to applicants with insulin-treated diabetes mellitus (ITDM) (*Special Issuance of Third-Class Airman Medical Certificates to Insulin-Treated Diabetic Airman Applicants*, 61 FR 59282, Nov. 21, 1996). In that policy statement, FAA determined selected individuals with ITDM could be considered for special issuance of a third-class airman medical certificate under certain conditions and monitoring protocols. In 2019, FAA announced that it would also issue first and second-class

certificates to pilots with ITDM under the special issuance process (*Special-Issuance Medical Certification: Diabetes Protocol for Applicants Seeking to Exercise Airline Transport, Commercial, or Private Pilot Privileges*, 84 FR 60137, Nov. 7, 2019). This proposed rule would only extend to applicants with NIDDM, and applicants with ITDM would continue to be required to utilize the special issuance process.

IV. Discussion of the Proposed Rule

A. Removal of NIDDM as a Disqualifying Medical Condition

FAA proposes to no longer classify NIDDM as a specifically disqualifying medical condition under part 67. The proposed amendment would remove the phrase “or any other hypoglycemic drug” from §§ 67.113(a), 67.213(a), and 67.313(a). If finalized as proposed, this change would allow applicants with NIDDM to be potentially issued first-, second-, and third-class medical certificates by AMEs at the time of the medical examination, as opposed to deferral to FAA for the SI process required under current regulations.

Because NIDDM would no longer be a specifically disqualifying condition, NIDDM applicants would be evaluated under the general medical standards contained in paragraphs (b) and (c) of §§ 67.113, 67.213, and 67.313. Under these provisions, an NIDDM applicant may nonetheless be denied a medical certificate, on a case-by-case basis, if the Federal Air Surgeon or designated AME finds that the diabetes or non-insulin hypoglycemic treatment makes, or may reasonably be expected to make, the applicant unable to perform the duties or exercise the privileges of the airman certificate held or for which application has been sought safely.

Under the proposed amendment, §§ 67.113(a), 67.213(a), and 67.313(a) would continue to disqualify applicants with insulin-treated diabetes mellitus (ITDM) from receiving an unrestricted medical certificate at the time of examination. Applicants with ITDM would still be required to go through the SI process, and individual circumstances would determine what requirements the Federal Air Surgeon would put in place in terms of regular testing and monitoring, and the duration of any authorization issued.

B. Aviation Safety Impact

FAA conducted an analysis of fatal accidents involving airmen using non-insulin diabetes medications from 2008–2025. Data sources included the

certificates to pilots with ITDM under the special issuance process (*Special-Issuance Medical Certification: Diabetes Protocol for Applicants Seeking to Exercise Airline Transport, Commercial, or Private Pilot Privileges*, 84 FR 60137, Nov. 7, 2019). This proposed rule would only extend to applicants with NIDDM, and applicants with ITDM would continue to be required to utilize the special issuance process.

FAA ToxDB databases, which include both MANTRA and ToxFlo.¹⁴ Fifty-one cases were found where non-insulin diabetes medications were reported. The Office of Aerospace Medicine examined the available records, including autopsy, toxicology, accident, and National Transportation Safety Board determinations, to determine the possibility of diabetes-related incapacitation in the accident. Of these, it was deemed improbable that diabetes, diabetes complications, or diabetes medications contributed to the accident in 50 cases. One case remains under investigation and, therefore, FAA could not make determinations on this case at this time.

Advancements in medical science have significantly reduced the risk associated with diabetic complications in those with NIDDM. Population-level data from the United States reveal dramatic improvements in complication rates among adults with diabetes between 1990 and 2010, with acute myocardial infarction rates declining by approximately two-thirds, and substantial reductions in stroke, lower extremity amputation, and death from hyperglycemic crisis.¹⁵ The Steno-2 study demonstrated that multifactorial intervention targeting glycemic control, blood pressure, and lipids reduced both microvascular and macrovascular complications more effectively than glucose-lowering alone, which has become the cornerstone of modern diabetes management.¹⁶ In addition, newer glucose-lowering agents have produced a paradigm shift in preventing cardiovascular and renal complications. Sodium-glucose cotransporter 2 (SGLT2) inhibitors and glucagon-like peptide-1 (GLP-1) receptor agonists reduce mortality and major cardiovascular events compared to usual care.¹⁷ SGLT2 inhibitors specifically reduce progression to chronic kidney disease, heart failure hospitalizations, and severe hypoglycemia, while GLP-1 receptor agonists demonstrate particular efficacy

¹⁴ The FAA ToxDB databases are internal data sources used by FAA as part of its accident investigation responsibilities and are not available to the public. More information can be found at <https://www.transportation.gov/individuals/privacy/toxicology-database-toxdb>.

¹⁵ Gregg, E.W., et al., *Changes in diabetes-related complications in the United States, 1990–2010*, N Engl J Med., 370(16): 1514–23 (Apr. 17, 2014).

¹⁶ Ahmad, E., et al., *Type 2 diabetes*, Lancet, 400(10365): 1803–1820 (Nov. 19, 2022).

¹⁷ Drake, T., et al., *Newer Pharmacologic Treatments in Adults With Type 2 Diabetes: A Systematic Review and Network Meta-analysis for the American College of Physicians*, Ann Intern Med., 177(5): 618–632 (May 2024).

in reducing stroke and achieving weight loss.¹⁸

In addition to the risk reductions associated with medical advancements, the current SI process required for those with NIDDM presents a significant burden to medical professionals within FAA's Office of Aerospace Medicine who must devote time and resources to reviewing these lower-risk cases at the expense of more complex and potentially higher-risk cases. If this rule is finalized as proposed, FAA medical staff would be able to focus on these higher-risk cases and provide more expeditious review, reducing overall risk in the national airspace.

C. Medical Evaluation of NIDDM Cases

If this rule is finalized as proposed, NIDDM cases would be evaluated by an AME under paragraphs (b) and (c) of §§ 67.113, 67.213, and 67.313, the general medical standards, instead of by FAA medical personnel under the SI process. The applicant must have no other organic, functional, or structural disease or limitation nor any medication or treatment that the AME finds—based on the applicant's case history and appropriate, qualified medical judgment relating to the condition or treatment—makes, or may reasonably be expected to make, the applicant unable to perform the duties safely or exercise the privileges of the airman certificate sought. As such, while NIDDM would no longer be disqualifying specifically, an applicant with NIDDM must still undergo medical evaluation for the condition to ensure the applicant can safely perform his or her airman duties.

If this rule is finalized as proposed, FAA would notify the public and its AMEs of the regulatory change. Applicants currently pending review by FAA could choose to remain in the review process for their currently pending application or return to their AME and reinitiate the medical certificate application process.

Applicants with NIDDM would continue to provide their medical case history of NIDDM for evaluation, typically to include a clinical progress note, status report, or similar documentation from their treating physician, as well as an acceptable Hemoglobin A1C (A1C) test. NIDDM cases would be evaluated on a case-by-case basis by an AME to determine an

applicant's medical qualification. The AME would consider multiple factors, such as the stability of the applicant's diabetes mellitus, any recommendations made by the treating physician, and the types of medication or treatment being used. Notwithstanding the proposed rule, in higher-risk NIDDM cases, the AME may still defer the applicant to FAA medical personnel for further evaluation and, if the applicant is ultimately determined to be medically fit, issuance of an unrestricted or limited medical certificate using the established SI process. Deferral to FAA would be appropriate, for example, in NIDDM cases involving recent episodes of clinical hypoglycemia requiring intervention, medication side effects that could potentially interfere with the performance of airman duties, evidence of any diabetes-induced end organ disease, or high A1C levels.

D. Cost Savings and Burden Reduction

Cost savings are expected upon finalization of this proposal. FAA estimates that allowing AMEs to evaluate applicants with controlled NIDDM using the general medical standards in paragraphs (b) and (c) of §§ 67.113, 67.213, and 67.313 would potentially enable them to issue medical certificates at the time of the applicant medical exam in roughly 3,000 cases annually. Therefore, about 3,000 applicants would receive their medical certificates much more quickly each year because their cases would avoid the current time-consuming AME-deferral to FAA. The proposed change would also allow an estimated 1,200 total cases currently followed under SI to be transitioned, so that AMEs—rather than FAA—would be able to handle recertification. As of September 2025, 1,300 initial applications are in the specific FAA Medical Appeals queue for review. Of these, 300 would potentially qualify for AME-issuance under the general medical standards that would be allowed if this rule is finalized as proposed. Approximately 50 percent of these cases are applicants for first- or second-class medical certificates. For the recertification cases currently awaiting the same FAA review, approximately 1,200 applicants (about 75 percent are applying for a first- or second-class medical certificate) would potentially qualify for AME issuance

rather than FAA review under the proposed change.

V. Regulatory Notices and Analyses

A. Regulatory Impact Analysis (RIA)

Executive Order (E.O.) 12866 (“Regulatory Planning and Review”) and E.O. 13563 (“Improving Regulation and Regulatory Review”) require agencies to regulate in the “most cost-effective manner,” to make a “reasoned determination that the benefits of the intended regulation justify its costs,” and to develop regulations that “impose the least burden on society.” The Office of Management and Budget (OMB) has determined this proposed rule is not a significant regulatory action as defined in section (3)(f) of E.O. 12866. In conducting this analysis, FAA has determined the proposed rule has benefits that justify its costs.

1. Baseline and Population

The existing regulatory framework and practices for prospective applicants with NIDDM constitute the baseline for this analysis. Current airmen with NIDDM or those with NIDDM seeking a medical certification would be impacted. In addition, all applicants with deferred medical applications under review for SI would have faster processing times. FAA uses a five-year period of analysis for the proposed rule. Five years encompasses the longest period a medical certification remains valid before needing re-certification.¹⁹ Therefore, the analysis period encompasses at least one cycle of initial and recurrent costs for all active pilots initially certificated under an SI within or prior to year zero.²⁰

FAA used internal data and airman growth rates to estimate the number of initial and recurrent medical certifications for affected airmen with NIDDM and all deferred applicants throughout the five-year period of analysis. FAA estimated the number of certifications and the share of certifications by class of medical certificate using internal data, and FAA estimated the annual growth rate in first-, second-, and third-class pilot medical certifications using the growth in active pilot certificates from 2015 to 2024.²¹ Table 1 displays FAA's growth rate and certification assumptions by pilot class.

medical certificates issued were for non-pilot positions (See: U.S. Civil Airmen Statistics, Table 17, available at: <https://www.faa.gov/media/90441>).

²¹ 2024 Active Civil Airmen Statistics, FAA (2025), available at: https://www.faa.gov/data_research/aviation_data_statistics/civil_airmen_statistics.

¹⁸ Management of Type 2 Diabetes Mellitus Work Group, VA/DoD CLINICAL PRACTICE GUIDELINE FOR THE MANAGEMENT OF TYPE 2 DIABETES MELLITUS (2023), Available at: https://www.healthquality.va.gov/HEALTHQUALITY/guidelines/CD/diabetes/VADOD-Diabetes-CPG_Final_508.pdf (last accessed Sep. 1, 2026).

¹⁹ See § 61.23(d).

²⁰ FAA notes that, while flight engineers, flight navigators, and certain air traffic control tower operators are required to obtain at least a second-class medical certificate, FAA considered only pilots for this analysis because the volume of non-pilot certificates is small and would not significantly impact the proposed rule's analysis. In 2024, for example, 0.8 percent of new second-class

TABLE 1—CERTIFICATION ASSUMPTIONS BY MEDICAL CERTIFICATE CLASS

Class	Share of initial certifications ¹ (%)	Certification growth rate ² (%)
First-Class	25	1.50
Second-Class	16	0.70
Third-Class	60	5.70

Note: Numbers may not add due to rounding.

¹ Source: Internal FAA data, 2025.

² FAA used the change in active pilots from 2014 to 2025 to estimate the annualized growth rate in certifications by medical class (See: U.S. Civil Airmen Statistics, Table 4, available at: <https://www.faa.gov/media/90441>).

Using growth rate and historical certification data, FAA estimates there would be 44,176 unrestricted NIDDM certifications (7,595 initial and 36,581 recurrent) and 169,085 Authorizations for SI (49,967 initial and 119,118 recurrent) in the analysis period. The estimated initial and recurrent NIDDM

certifications include only applicants with NIDDM who would be issued an unrestricted medical certificate after FAA examination under the proposed rule. All applicants with NIDDM who would not receive an unrestricted medical certificate after FAA review are estimated within Authorization for SI

projections. Table 2 displays the estimated initial and recurrent unrestricted NIDDM certifications, and Table 3 displays the initial and recurrent SI Authorizations throughout the analysis period.²²

TABLE 2—INITIAL AND RECURRENT UNRESTRICTED NIDDM CERTIFICATIONS

Year	Initial certifications				Recurrent certifications ¹	Total certifications
	Total	First-class	Second-class	Third-class		
0	1,403	329	207	867	6,988	8,391
1	1,458	334	208	916	7,146	8,604
2	1,516	339	209	968	7,310	8,826
3	1,577	344	210	1,023	7,480	9,057
4	1,641	349	211	1,081	7,657	9,298
Total	7,595	1,695	1,045	4,855	36,581	44,176

Note: The estimated initial and recurrent NIDDM certifications include only NIDDM applicants that would be issued an unrestricted medical certificate after FAA examination under the proposed rule.

¹ The number of recurrent certifications includes all first-, second-, and third-class pilot recertifications. FAA did not separate recertifications by class, as the recertification class does not impact the proposed rule's cost savings.

TABLE 3—INITIAL SI AUTHORIZATIONS AND RECURRENT RESTRICTED CERTIFICATIONS

Year	Initial SI authorizations				Recurrent certification ¹	Total certifications
	Total	First-class	Second-class	Third-class		
0	9,230	2,164	1,362	5,704	22,755	31,985
1	9,592	2,197	1,368	6,026	23,269	32,861
2	9,974	2,230	1,375	6,368	23,803	33,777
3	10,375	2,263	1,382	6,730	24,357	34,732
4	10,796	2,296	1,388	7,112	24,933	35,729
Total	49,967	11,151	6,875	31,941	119,118	169,085

Note: The estimated SI authorizations exclude any deferred applications denied an SI authorization in a given year.

¹ The number of recurrent certifications includes all first-, second-, and third-class pilot recertifications. FAA did not separate recertifications by class, as the recertification class does not impact the proposed rule's cost savings.

2. Costs

FAA does not anticipate any new costs from the proposed rule's changes to the NIDDM medical certification. To receive a medical certificate, a prospective applicant with NIDDM

currently provides (1) a "Diabetes or Hyperglycemia on Oral Medications Status Report" or a clinical progress note from their treating physician and (2) an A1C test performed no more than 90 days prior to their AME exam.²³ For recertifications, applicants with NIDDM

provide (1) an Authorization for SI granted by FAA and (2) a "Diabetes or Hyperglycemia on Oral Medications Status Report" or a current status report (including an A1C test) from their

²² Pilots are not impacted by the same deferred certification process upon recertification, and the recertification process does not impact pilot cost savings. However, FAA will experience cost savings when reviewing pilot recertifications, regardless of

pilot class. Therefore, FAA estimated the number of recertifications but did not separate these recertifications by pilot class.

²³ *Guide for Aviation Medical Examiners: Protocol for Diabetes Mellitus Treated with Any*

Medication Other Than Insulin, FAA (2025), available at: https://www.faa.gov/ame_guide/dec_cons/disease_prot/diabetes_med.

treating physician.²⁴ FAA anticipates the proposed process would not impose any new cost burdens to applicants with NIDDM relative to the existing application process. Applicants would provide the same or similar documentation to their AME for review.

FAA does not anticipate any additional risk from streamlining the NIDDM medical certification process. In an analysis of 51 fatal accidents from 2008 to 2025 in which the use of NIDDM medications was identified, FAA deemed it improbable that diabetes, diabetes complications, or diabetes medications contributed to the accident in 50 cases. One case remains under investigation. In addition, advancements in medical technology have reduced the risk associated with diabetic complications in those with NIDDM. Under the proposed rule, applicants with NIDDM would be evaluated by an AME for stability and control similar to what is currently performed for such deferred applications. The proposed process does not incur an additional cost to initial or recurrent medical certification for applicants with NIDDM, and FAA does not anticipate new safety risks from the streamlining of the NIDDM certification process.

i. Industry Cost Savings

Transitioning a portion of medical certification applications from the special issuance process to the proposed process would reduce initial certification delays for airmen with NIDDM and airmen requiring an SI Authorization. FAA estimates initial

applications deferred for an SI Authorization currently take an average of 64 days for FAA to process.²⁵ Pilots cannot perform flight duties during this processing time, resulting in a cost to both pilots and industry in lost labor hours. The proposed rule's process would significantly reduce processing delays for pilots with NIDDM. FAA would also receive fewer deferred applications, leading to faster processing for all deferred applicants.

FAA estimates the reduction in lost flight hours from processing delays to estimate pilots' and industry cost savings because of the proposed rule. Using Bureau of Labor Statistics data, FAA estimates the fully-loaded hourly wage of a pilot holding a first-class medical certificate is \$108.85, and the fully-loaded hourly wage of a pilot holding a second-class medical certificate is \$58.93.²⁶ To estimate the lost labor hours recovered for both initial applicants with NIDDM who would be eligible for an unrestricted medical certificate and all deferred initial applicants because of the proposed rule, FAA estimates the per-applicant reduction in medical certification delays. FAA assumes that a pilot with NIDDM who would be eligible for an unrestricted medical certificate under the proposed rule will see a 64-day (2.10 month) reduction in certification delays. For all deferred initial applicants, FAA estimates the reduction in delays based upon the reduction in total deferred application backlogs. Based upon internal FAA data, 15.2 percent of the current deferred applicant backlog would

transition to the proposed rule's NIDDM unrestricted medical certification process. A 15.2 percent reduction in the 64-day certification delay would result in a 10-day (0.33 month) reduction in processing delays for all other applicants in FAA's deferred backlog.

Reducing these processing delays would shorten a pilot's grounded time and, therefore, recover flight hours for pilots with NIDDM who would be eligible for an unrestricted medical certificate and all deferred applicants. FAA estimates the average pilot holding a first- or second-class medical certificate flies 75 hours monthly based upon BLS's estimation of monthly flight hours for airline pilots.²⁷ FAA anticipates that, while a pilot is grounded because of a deferred application, a pilot could take on additional non-flying labor activities to offset lost labor hours. Based upon this inference, FAA created a low-case and high-case estimation of the number of flight hours reclaimed. In the low-case scenario, FAA assumes that half of a pilot's lost flight hours are replaced with additional non-flying labor hours when grounded. In the high-case scenario, FAA assumes that none of a pilot's lost flight hours are replaced with additional non-flying labor hours when grounded. FAA requests comment on how certification delays impact pilot labor hours, including what labor activities pilots undertake while grounded and the low-case and high-case labor hour assumptions. Table 4 displays the low-case and high-case labor hour scenarios.

TABLE 4—LOW-CASE AND HIGH-CASE LABOR HOURS LOST PER MONTH

Scenario	Flight hours lost ¹	Additional non-flying labor hours	Monthly labor hours lost
Low-Case	75	37.5	37.5
High-Case	75	0	75

¹ From BLS's monthly airline pilot flight hours estimate (See: *Airline and Commercial Pilots*, BLS OOH (2025), available at: <https://www.bls.gov/ooh/transportation-and-material-moving/airline-and-commercial-pilots.htm>).

FAA uses these estimated delay reductions, pilot wages, and monthly flight hours to estimate the cost savings

per application in both the low-case and high-case scenario. Table 5 displays the

calculations used to estimate per-applicant cost savings in both scenarios.

²⁴ *Guide for Aviation Medical Examiners: Special Issuances AME Assisted—All Classes—Diabetes Mellitus—Type II, Medication Controlled (Not Insulin)*, FAA (2025), https://www.faa.gov/ame_guide/special_iss/all_classes/diabetes.

²⁵ Special Issuance recertifications can be processed by an AME, resulting in zero grounding time. However, FAA Legal Instruments Examiners and Physicians still review and verify recertifications.

²⁶ Based upon Bureau of Labor Statistics (BLS) data, a pilot with an airline transport pilot

certificate and a first-class medical certificate has a median salary of \$226,600 annually; a pilot holding a commercial certificate and a second-class medical certificate has a median salary of \$122,670 annually; and both pilot classes work approximately 2,700 labor hours annually (900 flight hours and 1,800 non-flight hours) (See: *Airline and Commercial Pilots*, BLS OOH (2025), available at: <https://www.bls.gov/ooh/transportation-and-material-moving/airline-and-commercial-pilots.htm>). BLS also estimated the fringe benefit factor for a private industry worker

is 1.297 (See: *Employer Costs for Employee Compensation*, BLS (June 2024), available at: https://www.bls.gov/news.release/archives/eccec_09102024.pdf). FAA multiplied the median salaries by the fringe benefit factor and divided the fully-loaded salaries by 2,700 labor hours.

²⁷ *Airline and Commercial Pilots*, BLS OOH (2025), available at: <https://www.bls.gov/ooh/transportation-and-material-moving/airline-and-commercial-pilots.htm>.

TABLE 5—INITIAL APPLICATION DELAY PER-APPLICANT COST SAVINGS

Applicant type	Fully-loaded wage ¹	Monthly labor hours lost	Processing delay reduction (months)	Flight hours lost	Per-applicant cost savings ²
Low-Case Scenario					
NIDDM First-Class	\$108.85	37.5	2.10	79	8,599
NIDDM Second-Class	58.93	37.5	2.10	79	4,655
Deferred First-Class	108.85	37.5	0.33	12	1,306
Deferred Second-Class	58.93	37.5	0.33	12	707
High-Case Scenario					
NIDDM First-Class	108.85	75	2.10	158	17,199
NIDDM Second-Class	58.93	75	2.10	158	9,310
Deferred First-Class	108.85	75	0.33	25	2,721
Deferred Second-Class	58.93	75	0.33	25	1,473

Note: Numbers may not add due to rounding.

¹ The fully-loaded wage is calculated as follows: Fully-Loaded Wage = (Median Salary * 1.297 Fringe Benefit Factor) /2,700 Annual Labor Hours.

² The Per-Applicant Cost Savings is calculated as follows: Cost Savings = Fully Loaded Wage * Flight Hours Lost.

FAA estimates the industry low-case and high-case cost savings from per-applicant cost savings and total number of estimated applicants throughout the period of analysis. In the low-case scenario, FAA estimates the proposed rule would save industry \$38.87 million

(\$34.05 million at a seven percent discount rate, \$36.64 million at a three percent discount rate) in labor hours during the period of analysis. In the high-case scenario, FAA estimates the proposed rule would save industry \$79.36 million (\$69.51 million at a

seven percent discount rate, \$74.81 million at a three percent discount rate) in labor hours during the period of analysis. Table 6 displays the estimated low-case industry cost savings, and Table 7 displays the high-case industry cost savings.

TABLE 6—LOW-CASE INITIAL APPLICATION DELAY COST SAVINGS

Year	Initial applicants				Delay reduction cost savings (\$M)				Total cost savings (\$M)
	NIDDM first-class	NIDDM second-class	Deferred first-class	Deferred second-class	NIDDM first-class	NIDDM second-class	Deferred first-class	Deferred second-class	
0	329	207	2,164	1,362	\$2.83	\$0.96	\$2.83	\$0.96	\$7.58
1	334	208	2,197	1,368	2.87	0.97	2.87	0.97	7.68
2	339	209	2,230	1,375	2.92	0.97	2.91	0.97	7.77
3	344	210	2,263	1,382	2.96	0.98	2.96	0.98	7.87
4	349	211	2,296	1,388	3.00	0.98	3.00	0.98	7.96
Total	1,695	1,045	11,151	6,875	14.58	4.86	14.57	4.86	38.87

TABLE 7—HIGH-CASE INITIAL APPLICATION DELAY COST SAVINGS

Year	Initial applicants				Delay reduction cost savings (\$M)				Total cost savings (\$M)
	NIDDM first-class	NIDDM second-class	Deferred first-class	Deferred second-class	NIDDM first-class	NIDDM second-class	Deferred first-class	Deferred second-class	
0	329	207	2,164	1,362	\$5.66	\$1.93	\$5.89	\$2.01	\$15.48
1	334	208	2,197	1,368	5.74	1.94	5.98	2.02	15.68
2	339	209	2,230	1,375	5.83	1.95	6.07	2.03	15.87
3	344	210	2,263	1,382	5.92	1.96	6.16	2.04	16.07
4	349	211	2,296	1,388	6.00	1.96	6.25	2.05	16.26
Total	1,695	1,045	11,151	6,875	29.15	9.73	30.35	10.13	79.36

ii. FAA Cost Savings

FAA estimates the proposed certification process would reduce FAA labor hours spent processing NIDDM applications. Currently, an AME must defer all initial and recurrent NIDDM applications. These applications then go

to an FAA Legal Instruments Examiner for processing. FAA estimates it takes 15 minutes for a Legal Instruments Examiner to process an NIDDM application. In approximately 10 percent of NIDDM applications, the Legal Instruments Examiner defers the

application to an FAA Physician who spends an additional 15 minutes processing that NIDDM application for authorization of a special issuance. Based upon the fully-loaded hourly wage for Legal Instruments Examiners and Physicians,²⁸ FAA estimates

²⁸ To estimate the fully-loaded labor hours of a Legal Instruments Examiners and Physicians, FAA used the average salary of an FAA employee located in the "rest of the U.S." locality (an H-band salary for Examiners and an M-band salary for Physicians)

(See: *Pay & Benefits*, FAA (2025), available at: https://www.faa.gov/jobs/working_here/benefits) and multiplied that salary by a fringe benefit cost factor of 1.3625. A fringe benefit factor estimates the additional monetary benefits, such as healthcare

and retirement benefits (See: *OMB Memo M-08-13*). Lastly, FAA estimated the hourly wage for by dividing the annual salary by 2,080 annual labor hours.

NIDDM applications incur an \$18.91 processing cost. Table 8 displays the

wage and labor hours used to calculate the per-unit processing cost.

TABLE 8—PER-UNIT FAA PROCESSING COST OF INITIAL AND RECURRENT APPLICATIONS

Occupation	Salary ¹	Fully-loaded hourly wage ²	Labor hours	Share of applicants (%)	Weighted average processing cost ³
Legal Instruments Examiner	\$95,033	\$62.25	0.25	100	\$15.56
Physician	204,386	133.88	0.25	10	3.35
Total Cost					18.91

Note: Numbers may not add due to rounding.

¹ Source: FAA's Core Compensation salary table (https://www.faa.gov/jobs/working_here/benefits).

² To calculate the hourly wage, FAA assumed employees would work 2,080 hours annually and multiplied this wage by a fringe benefit factor of 1.3625 (See: OMB Memo M-08-13).

³ The weighted average processing cost accounts for the probability that a given NIDDM application incurs that labor cost. Because only 10% of NIDDM applications incur a physician cost, the weighted average cost for all NIDDM applications is 10% of the physician process cost.

Through the proposed rule's certification process, FAA would avoid all Legal Instruments Examiner and Physician processing costs for NIDDM applications issued an unrestricted

medical certificate. FAA estimates the proposed rule would save the Agency \$835,366 (\$730,488 at a seven percent discount rate, \$786,906 at a three percent discount rate) in labor hours

throughout the period of analysis. Table 9 displays the estimated FAA cost savings.

TABLE 9—FAA PROCESSING COST SAVINGS
[2024\$]

Year	NIDDM applications	Per-unit cost savings	Cost savings
0	8,391	\$18.91	\$158,673
1	8,604	18.91	162,701
2	8,826	18.91	166,899
3	9,057	18.91	171,267
4	9,298	18.91	175,825
Total Cost Savings .....	.....	.....	835,366
7% Discount Rate .....	.....	.....	740,448
3% Discount Rate .....	.....	.....	786,448

iii. Unquantified Cost Savings

FAA did not quantify the cost savings from reduced third-class medical certificate processing delays or from non-pilot second-class medical certificate processing delays. Private, student, and recreational pilots must generally have a third-class medical certificate. As with pilots holding or applying for first- and second-class medical certificates, pilots holding or applying for third-class medical certificates would receive their NIDDM medical certification and deferred application review faster, resulting in reclaimed flight hours. Pilots with a third-class medical certificate could experience cost savings from private, student, or recreational operations. However, private, student, and recreational activities are difficult to quantify and monetize. FAA requests comment on the proposed rule's cost savings impact on affected pilots applying for a third-class medical

certificate. The impacts of the proposed rule were not quantified for flight engineers, flight navigators, and certain air traffic control tower operators due to the small size of these populations. Although this can provide a cost saving, FAA has not quantified the cost savings for pilots with third-class medical certificates or for non-pilots with second-class medical certificates from faster processing under the proposed rule.

3. Benefits

FAA has not quantified the estimated benefit of an increase in NIDDM pilot applications. The proposed rule may entice more prospective applicants with NIDDM to acquire a pilot certificate through the simplified medical certification process under the general medical standards. An increase in the number of prospective pilots would be a benefit to both prospective pilots and to air carriers seeking to hire new pilots. An influx of pilots would allow air

carriers to expand service opportunities and offerings, while prospective pilots themselves could gain benefits through the salary and benefits of a pilot career. However, FAA has not quantified the number of prospective pilots who would acquire a certificate because of the proposed rule. FAA requests comment on the quantitative and qualitative impacts the proposed rule would have on certificate applications received from prospective pilots with NIDDM.

4. Summary

The proposed rule would replace the existing medical certification process, which requires deferral and review for authorization of a special issuance, with a more efficient certification process for airmen with NIDDM. The revised process would provide cost savings for both FAA and industry by reducing FAA processing time for unrestricted NIDDM pilot medical certifications and eliminating delays for pilots with

NIDDM to receive their medical certifications. It would also decrease the processing time for deferred applications by reducing the total deferred application backlog. Table 10 below provides a summary of the annual and total cost savings to both industry operators and FAA.

TABLE 10—SUMMARY OF COSTS
[Millions 2024\$]

Qualitative Cost Savings					
• Reduced delay in initial third-class NIDDM certifications and initial third-class deferred initial authorization processing.					
Cost Savings (\$M)					
	2024\$	7%	3%	7%	3%
Industry Cost Savings					
	Present value		Annualized		
Low-Case	\$38.87	\$34.05	\$36.64	\$8.30	\$8.00
High-Case	79.36	69.51	74.81	16.95	16.34
FAA Cost Savings					
Total Cost Savings	0.84	0.73	0.79	0.18	0.17
Total Cost Savings					
Low-Case	39.70	34.78	37.43	8.48	8.17
High-Case	80.19	70.24	75.60	17.13	16.51

B. Regulatory Flexibility Act

The Regulatory Flexibility Act (RFA) of 1980, (Pub. L. 96–354) (5 U.S.C. 601–612), as amended by the Small Business Regulatory Enforcement Fairness Act of 1996 (Pub. L. 104–121) and the Small Business Jobs Act of 2010 (Pub. L. 111–240), requires Federal agencies to consider the effects of the regulatory action on small business and other small entities and to minimize any significant economic impact. The term “small entities” comprises small businesses and 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. FAA used the definition of small entities in the RFA for this analysis. The RFA defines small entities as small businesses, small governmental jurisdictions, or small organizations. In 5 U.S.C. 601(3), the RFA defines “small business” to have the same meaning as “small business concern” under section 3 of the Small Business Act. The Small Business Act authorizes the Small Business Administration (SBA) to define “small business” by issuing

regulations. SBA (2023) has established size standards for various types of economic activities, or industries under the North American Industry Classification System (NAICS). These size standards generally define small businesses based on the number of employees or annual receipts. There are ten affected NAICS codes for air transportation services based on the type of activity conducted. Table 11 shows the SBA size standards for these transportation activities. Note that the SBA definition of a small business applies to the parent company and all affiliates as a single entity.

TABLE 11—SMALL BUSINESS SIZE STANDARDS

NAICS code	Description	Size standard
481111	Scheduled Passenger Air Transportation	1,500 Employees.
481112	Scheduled Freight Air Transportation	1,500 Employees.
481211	Nonscheduled Chartered Passenger Air Transportation	1,500 Employees.
481219	Other Nonscheduled Air Transportation	\$25.0 Million.
487990	Scenic and Sightseeing Transportation, Other	\$14.0 Million.
115112	Soil Preparation, Planting, and Cultivating	\$9.0 Million.
541370	Surveying and Mapping (except Geophysical) Services	\$19.0 Million.
488190	Other Support Activities for Air Transportation	\$40.0 Million.
611512	Flight Training	\$34.0 Million.
488111	Air Traffic Control	\$40.0 Million.

Source: SBA (2023).
NAICS = North American Industrial Classification System.
SBA = Small Business Administration.

To identify small entities impacted by the proposed rule, FAA analyzed data from various sources, including company annual reports and the Bureau of Transportation Statistics. Of the 4,840 total entities identified, FAA concludes the majority are small. The small entities include approximately 32 of 56 part 121 operators (NAICS codes 481111 and 481112), the majority of the 525 part 141 flight schools, and the majority of the 45 part 142 training centers

(NAICS code 611512). Although the proposed rule also impacts four air traffic control (NAICS code 488111) entities, FAA estimates only one is a small business. The remaining affected entities are either part 135, part 91, or part 137 operators (NAICS codes 481211, 481219, 487990, 115112, 541370, and 488190). There were approximately 1,750 part 135 operators, 900 part 91 operators, and 1,560 part 137 (crop dusting) operators at the time of this proposed rule. FAA infers that most of these 4,210 operators are small. Therefore, FAA has determined that this proposed rule would impact a substantial number of small entities.

Although a substantial number of small entities would be affected by the proposed rule, it would not have a significant impact. Affected entities, including small entities, would experience cost savings from a more streamlined certification process for some applicants with NIDDM. Therefore, FAA certifies that the proposed rule would not have a significant economic impact on a substantial number of small entities.

C. International Trade Impact Assessment

The Trade Agreements Act of 1979 (Pub. L. 96–39), as amended by the Uruguay Round Agreements Act (Pub. L. 103–465), prohibits Federal agencies from establishing standards or engaging in related activities that create unnecessary obstacles to the foreign commerce of the United States. Pursuant to these Acts, the establishment of standards is not considered an unnecessary obstacle to the foreign commerce of the United States, so long as the standard has a legitimate domestic objective, such as the protection of safety and does not operate in a manner that excludes imports that meet this objective. The statute also requires consideration of international standards and, where appropriate, that they be the basis for U.S. standards.

FAA has assessed the potential effect of this proposed rule and determined it ensures the safety of the American public and does not exclude imports that meet this objective. As a result, FAA does not consider this proposed rule as creating an unnecessary obstacle to foreign commerce.

D. Unfunded Mandates Assessment

The Unfunded Mandates Reform Act of 1995 (2 U.S.C. 1531–1538) governs the issuance of Federal regulations that require unfunded mandates. An unfunded mandate is a regulation that requires a State, local, or Tribal

Government or the private sector to incur direct costs without the Federal Government having first provided the funds to pay those costs. FAA determined the proposed rule would not result in the expenditure of \$187,000,000 or more (\$100,000,000 adjusted for inflation using the most current Implicit Price Deflator for the Gross Domestic Product) by State, local, or Tribal Governments, in the aggregate, or the private sector, in any one year.

E. Paperwork Reduction Act

The Paperwork Reduction Act of 1995 (44 U.S.C. 3507(d)) requires FAA to consider the impact of paperwork and other information collection burdens imposed on the public. Although the process of applying for an FAA medical certificate does involve an information collection, the proposed rule will not affect that process for individual applicants.

All applicants for an FAA medical certificate are currently required to complete a form 8500–8 using the FAA MedXPress system.²⁹ The applicant's submitted information is made available to the selected AME at the time of the required medical examination. The proposed rule would only remove the need to request an SI and would have no impact on the requirement for applicants to complete form 8500–8, and there would be no change in individual information collection burden as a result of this proposed rule.

F. International Compatibility

In keeping with U.S. obligations under the Convention on International Civil Aviation, it is FAA policy to conform to International Civil Aviation Organization (ICAO) Standards and Recommended Practices to the maximum extent practicable. ICAO publishes medical standards regarding diabetes in Annex 1, Personnel Licensing. These standards are less strict than current FAA regulatory requirements. Adjustments to existing differences filed with ICAO would be needed to reflect the proposed change, once implemented. The proposed change would bring FAA closer into alignment with ICAO standards and will provide a path to manage the risk associated with issuing medical certificates to airmen with non-insulin-dependent diabetes into the future, as medical technologies affecting diagnosis and treatment continue to evolve.

G. Environmental Analysis

FAA has analyzed the environmental impacts of this proposed rule pursuant to the National Environmental Policy Act of 1969 (NEPA) (42 U.S.C. 4321 *et seq.*). FAA has determined this rule is categorically excluded pursuant to Paragraph B–2.6(f) of Appendix B to FAA Order 1050.1G, FAA National Environmental Policy Act Implementing Procedures.³⁰ Categorical exclusions are categories of actions the agency has determined normally do not significantly affect the quality of the human environment and therefore do not require either an environmental assessment (EA) or environmental impact statement (EIS).³¹ In analyzing the applicability of a categorical exclusion, the agency must also consider whether extraordinary circumstances are present that would warrant the preparation of an EA or EIS.³² This rulemaking, which proposes to amend FAA regulations regarding the issuance of medical certificates to applicants with NIDDM, is categorically excluded pursuant to Paragraph B–2.6(f) of FAA Order 1050.1G: “Regulations, standards, and exemptions (excluding those that if implemented may cause a significant impact on the human environment).” FAA does not anticipate any environmental impacts, and there are no extraordinary circumstances present in connection with this rulemaking.

VI. Executive Order Determinations

A. Executive Order 13132, Federalism

FAA has analyzed this proposed rule under the principles and criteria of E.O. 13132, Federalism. FAA has determined this action would not have a substantial direct effect on the States, or the relationship between the Federal Government and the States, or on the distribution of power and responsibilities among the various levels of government, and, therefore, would not have federalism implications.

B. Executive Order 13211, Regulations That Significantly Affect Energy Supply, Distribution, or Use

FAA analyzed this proposed rule under E.O. 13211, Actions Concerning Regulations that Significantly Affect Energy Supply, Distribution, or Use. FAA has determined it would not be a “significant energy action” under the Executive order and would not be likely to have a significant adverse effect on

²⁹ This information collection has been approved by the OMB under OMB Control Number 2120–0036.

³⁰ 90 FR 29615 (Jul. 3, 2025).

³¹ See DOT Order 5610.1D § 9.

³² Id. § 9(b).

the supply, distribution, or use of energy.

C. Executive Order 13609, Promoting International Regulatory Cooperation

E.O. 13609, Promoting International Regulatory Cooperation, promotes international regulatory cooperation to meet shared challenges involving health, safety, labor, security, environmental, and other issues and to reduce, eliminate, or prevent unnecessary differences in regulatory requirements. FAA has analyzed this action under the policies and agency responsibilities of E.O. 13609 and has determined that no action is required under this E.O., and that the proposed rule would bring FAA into closer alignment with ICAO.

D. Executive Order 14192, Unleashing Prosperity Through Deregulation

This proposed rule, if finalized as proposed, is expected to be an E.O. 14192 deregulatory action.

VII. Additional Information

A. Comments Invited

FAA invites interested persons to participate in this rulemaking by submitting written comments, data, or views. FAA also invites comments relating to the economic, environmental, energy, or federalism impacts that might result from adopting the proposals in this document. 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.

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 rule. Before acting on this proposal, FAA will consider all comments it receives on or before the closing date for comments. FAA will consider comments filed after the comment period has closed if it is possible to do so without incurring expense or delay. FAA may change this proposal in light of the comments it receives.

Privacy: In accordance with 5 U.S.C. 553(c), FAA solicits comments from the public to inform its rulemaking process better. FAA posts these comments, without edit, including any personal information the commenter provides, to

www.regulations.gov, as described in the system of records notice (DOT/ALL-14 FDMS), which can be reviewed at www.dot.gov/privacy.

B. Confidential Business Information

Confidential Business Information (CBI) is commercial or financial information that is both customarily and actually treated as private by its owner. Under the Freedom of Information Act (FOIA) (5 U.S.C. 552), CBI is exempt from public disclosure. If your comments responsive to this NPRM contain commercial or financial information that is customarily treated as private, that you actually treat as private, and that is relevant or responsive to this NPRM, it is important that you clearly designate the submitted comments as CBI. Please mark each page of your submission containing CBI as "PROPIN." FAA will treat such marked submissions as confidential under the FOIA, and they will not be placed in the public docket of this NPRM. Submissions containing CBI should be sent to the person in the **FOR FURTHER INFORMATION CONTACT** section of this document. Any commentary that FAA receives which is not specifically designated as CBI will be placed in the public docket for this rulemaking.

C. Electronic Access and Filing

A copy of this NPRM, all comments received, any final rule, and all background material may be viewed online at www.regulations.gov using the docket number listed above. Electronic retrieval help and guidelines are available on the website. It is available 24 hours each day, 365 days each year. An electronic copy of this document may also be downloaded from the Office of the Federal Register's website at www.federalregister.gov and the Government Publishing Office's website at www.govinfo.gov. A copy may also be found at FAA's Regulations and Policies website at www.faa.gov/regulations_policies.

Copies may also be obtained by sending a request to the Federal Aviation Administration, Office of Rulemaking, ARM-1, 800 Independence Avenue SW, Washington, DC 20591, or by calling (202) 267-9677. Commenters must identify the docket or notice number of this rulemaking.

All documents FAA considered in developing this proposed rule, including economic analyses and technical reports, may be accessed in the electronic docket for this rulemaking.

D. Small Business Regulatory Enforcement Fairness Act

The Small Business Regulatory Enforcement Fairness Act (SBREFA) of 1996 requires FAA to comply with small entity requests for information or advice about compliance with statutes and regulations within its jurisdiction. A small entity with questions regarding this document may contact its local FAA official or the person listed under the **FOR FURTHER INFORMATION CONTACT** heading at the beginning of the preamble. To find out more about SBREFA on the internet, visit www.faa.gov/regulations_policies/rulemaking/sbre_act/.

List of Subjects in 14 CFR Part 67

Airmen, Authority delegations (Government agencies), Health, Reporting and recordkeeping requirements.

The Proposed Amendment

For the reasons discussed in the preamble, the Federal Aviation Administration proposes to amend chapter I of title 14, Code of Federal Regulations as follows:

PART 67—MEDICAL STANDARDS AND CERTIFICATION

- 1. The authority citation for part 67 continues to read as follows:

Authority: 49 U.S.C. 106(f), 40113, 44701–44703, 44707, 44709–44711, 45102–45103, 45301–45303.

- 2. Amend § 67.113 by revising paragraph (a) to read as follows:

§ 67.113 General medical condition.

* * * * *

(a) No established medical history or clinical diagnosis of diabetes mellitus that requires insulin for control.

* * * * *

- 3. Amend § 67.213 by revising paragraph (a) to read as follows:

§ 67.213 General medical condition.

* * * * *

(a) No established medical history or clinical diagnosis of diabetes mellitus that requires insulin for control.

* * * * *

- 4. Amend § 67.313 by revising paragraph (a) to read as follows:

§ 67.313 General medical condition.

* * * * *

(a) No established medical history or clinical diagnosis of diabetes mellitus that requires insulin for control.

* * * * *

Issued under authority provided by 49 U.S.C. 106(f), 44701, 44702, and 44703 in Washington, DC.

Susan Northrup,

Federal Air Surgeon, Office of Aerospace Medicine.

[FR Doc. 2026–18162 Filed 9–3–26; 8:45 am]

BILLING CODE 4910–13–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 71

[Docket No. FAA–2026–10544; Airspace Docket No. 26–AEA–15]

RIN 2120–AA66

Establishment of Class E Airspace Over Lexington, VA

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice of proposed rulemaking (NPRM).

SUMMARY: This action proposes to establish new Class E airspace over Lexington, VA. This airspace is necessary to support Instrument Flight Rules (IFR) operations, utilizing new Special Instrument Approach Procedures (SIAPs) serving Carilion Rockbridge Community Hospital Heliport.

DATES: Comments must be received on or before October 19, 2026.

ADDRESSES: Send comments identified by FAA Docket No. FAA–2026–10544 and Airspace Docket No. 26–AEA–15 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 the 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, 800 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 establish Class E airspace in Lexington, 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 establishing Class E airspace over Lexington, VA. This Class E airspace would extend upward from 700 feet above the surface within a 6-mile radius of Carilion Rockbridge Community Hospital Heliport. This

airspace is necessary to support IFR helicopter operations using the new SIAPs developed for the heliport.

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:

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

* * * * *

AEA VA E5 Lexington, VA [New]

Carilion Rockbridge Community Hospital Heliport, VA
(Lat. 37°46′46″ N, long. 79°26′28″ W)

That airspace extending upward from 700 feet above the surface within a 6-mile radius of Carilion Rockbridge Community Hospital Heliport.

* * * * *

Issued in College Park, Georgia, on September 1, 2026.

Gregory R. Garmon,

Acting Manager, Airspace and Procedures North Team, Eastern Service Center, Air Traffic Organization.

[FR Doc. 2026–18145 Filed 9–3–26; 8:45 am]

BILLING CODE 4910–13–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 71

[Docket No. FAA–2026–10543; Airspace Docket No. 26–AEA–14]

RIN 2120–AA66

Establishment of Class E Airspace Over Hardy, VA

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice of proposed rulemaking (NPRM).

SUMMARY: This action proposes to establish new Class E airspace over Hardy, VA. This airspace is necessary to support Instrument Flight Rules (IFR) operations, utilizing new Special Instrument Approach Procedures (SIAPs) serving Carilion Westlake Center Heliport.

DATES: Comments must be received on or before October 19, 2026.

ADDRESSES: Send comments identified by FAA Docket No. FAA–2026–10543 and Airspace Docket No. 26–AEA–14 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 the 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, 800 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 establish Class E airspace in Hardy, 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 establishing Class E airspace over Hardy, VA. This Class E airspace would extend upward from 700 feet above the surface within a 6-mile radius of Carilion Westlake Center Heliport. This airspace is necessary to support IFR helicopter operations using the new SIAPs developed for the heliport.

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:

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

* * * * *

AEA VA E5 Hardy, VA [New]

Carilion Westlake Center Heliport, VA
(Lat. 37°06'58" N, long. 79°43'05" W)

That airspace extending upward from 700 feet above the surface within a 6-mile radius of Carilion Westlake Center Heliport.

* * * * *

Issued in College Park, Georgia, on September 1, 2026.

Gregory R. Garmon,

Acting Manager, Airspace and Procedures North Team, Eastern Service Center, Air Traffic Organization.

[FR Doc. 2026–18144 Filed 9–3–26; 8:45 am]

BILLING CODE 4910–13–P

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[REG–119986–25]

RIN 1545–BS05

Racial Nondiscrimination in Private Schools

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of proposed rulemaking.

SUMMARY: This document contains proposed regulations that would update existing regulations to provide that a private school is not described as an organization exempt from Federal income tax if it discriminates on the basis of race, color, or national or ethnic origin in administration of its educational, admissions, scholarship, athletic, or other policies, based on the fundamental public policy of the United States against such practices. These proposed regulations would affect private schools in taxable years beginning after May 31, 2027, which is after the final regulations are expected to be published.

DATES: Written or electronic comments and requests for a public hearing must be received by November 3, 2026.

ADDRESSES: Commenters are strongly encouraged to submit public comments electronically via the Federal

eRulemaking Portal at <https://www.regulations.gov> (indicate IRS and REG-119986-25) by following the online instructions for submitting comments. In accordance with 5 U.S.C. 553(b)(4), a plain language summary of these proposed regulations is also available on the Federal eRulemaking Portal. Requests for a public hearing must be submitted as prescribed in the “Comments and Requests for a Public Hearing” section. Once submitted to the Federal eRulemaking Portal, comments cannot be edited or withdrawn. The Department of the Treasury (Treasury Department) and the IRS will publish for public availability any comments submitted to the IRS’s public docket. Send paper submissions to: CC:PA:01:PR (REG-119986-25), Room 5503, Internal Revenue Service, P.O. Box 7604, Ben Franklin Station, Washington, DC 20044.

FOR FURTHER INFORMATION CONTACT:

Concerning these proposed regulations, the Office of Associate Chief Counsel (Employee Benefits, Exempt Organizations, and Employment Taxes) at (202) 317-6000 (not a toll-free number); concerning submission of comments or requests for a public hearing, the Publications and Regulations Section at (202) 317-6901 (not a toll-free number) or by email at publichearings@irs.gov (preferred).

SUPPLEMENTARY INFORMATION:

Authority

This notice of proposed rulemaking contains proposed amendments to the Income Tax Regulations (26 CFR part 1) that would add a new § 1.501(c)(3)-2 issued under section 501(c)(3) of the Internal Revenue Code (Code).

These proposed regulations are issued pursuant to section 7805(a) of the Code, which authorizes the Secretary of the Treasury or the Secretary’s delegate to “prescribe all needful rules and regulations for the enforcement of [the Code], including all rules and regulations as may be necessary by reason of any alteration of law in relation to internal revenue.”

Background

I. Statute and Applicable Regulations

Section 501(c)(3) describes, in part, organizations that are organized and operated exclusively for “charitable . . . or educational purposes” provided certain restrictions on private inurement, lobbying, and intervention in political campaigns are not violated. Such organizations are generally exempt from Federal income tax by section 501(a). Section 170 of the Code provides, in part, a deduction to

taxpayers who make “charitable contributions” to organizations specified in section 170(c)(2), which essentially mirrors the description of organizations satisfying the requirements of section 501(c)(3). In determining the amount of a taxpayer’s deduction allowed under section 170(a) within the taxable year, section 170(b)(1)(A)(ii) includes any charitable contribution to an educational organization that normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on. Section 1.170A-9(c)(1) provides that an “educational organization” is described in section 170(b)(1)(A)(ii) if its primary function is the presentation of formal instruction and it normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on. The term includes institutions such as primary, secondary, preparatory, or high schools, and colleges and universities. It includes Federal, State, and other public-supported schools that otherwise come within the definition.

Sections 170(c)(2), 170(b)(1)(A)(ii), and 501(c)(3) do not further define the terms “charitable” or “educational” or explain what it means to be organized and operated exclusively for such purposes.

For over 65 years, however, the provisions of § 1.501(c)(3)-1 have provided guidance on the interpretation of the terms “charitable” and “educational” as used in section 501(c)(3). Section 1.501(c)(3)-1(a) provides that, in order to be exempt under section 501(a) as an organization described in section 501(c)(3), the organization must be both organized and operated exclusively for one or more of the purposes specified in section 501(c)(3), as defined and elaborated in § 1.501(c)(3)-1(d). Thus, an organization that fails to meet either the “organizational test” set forth in § 1.501(c)(3)-1(b) or the “operational test” set forth in § 1.501(c)(3)-1(c) is not exempt from Federal income tax.

Section 1.501(c)(3)-1(d)(1) provides a list of purposes that would allow an organization to be exempt as an organization described in section 501(c)(3) if it is organized and operated exclusively for one or more of the exempt purposes specified in section 501(c)(3), which list includes charitable and educational purposes. Section 1.501(c)(3)-1(d)(2) provides that the term “charitable” is used in section

501(c)(3) in its generally accepted legal sense and is, therefore, not to be construed as limited by the separate enumeration in section 501(c)(3) of other tax-exempt purposes that may fall within the broad outlines of “charity” as developed by judicial decisions. In addition, § 1.501(c)(3)-1(d)(2)(ii) states that the term includes the “promotion of social welfare by organizations designed to . . . eliminate prejudice and discrimination.”

Similar to the description of an educational organization in section 170(b)(1)(A)(ii), § 1.501(c)(3)-1(d)(3)(ii), (*Example 1*), provides that a primary or secondary school, a college, or a professional or trade school, that has a regularly scheduled curriculum, a regular faculty, and a regularly enrolled body of students in attendance at a place where the educational activities are regularly carried on may qualify for exemption as an educational organization of the character contemplated by section 501(c)(3) if it otherwise meets the requirements of section 501(c)(3).

II. Policy of the United States Against Racial Discrimination in Education

On May 17, 1954, the Supreme Court of the United States decided *Brown v. Board of Education of Topeka, Kansas*, 347 U.S. 483 (1954), in which the Court held that state-sanctioned racial segregation of public schools violates the Equal Protection Clause of the Fourteenth Amendment. One year later, the Court reiterated that “full compliance” with *Brown* required public schools to admit the students that had sued “on a racially nondiscriminatory basis.” *Brown v. Board of Education*, 349 U.S. 294, 300-301 (1955).

Enacted into law on July 2, 1964, Title VI of the Civil Rights Act of 1964 states, in relevant part, “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.”

In 1976, the Supreme Court decided the case of *Runyon v. McCrary*, 427 U.S. 160, holding that 42 U.S.C. 1981 (Section 1981)¹ bars a private school from discriminating against applicants

¹ Section 1 of the Civil Rights Act of 1866 is codified at 42 U.S.C. 1981 and provides that all persons in the United States shall have the same right to “make and enforce contracts, to sue, be parties, give evidence, and to the full and equal benefit of all laws and proceedings for the security of persons and property as is enjoyed by white citizens.”

based on their race. The same year, the Supreme Court confirmed that the protections of Section 1981 apply equally to all persons regardless of race. *McDonald v. Santa Fe Trail Transp. Co.*, 427 U.S. 273, 295 (1976).

On June 30, 1971, the United States District Court for the District of Columbia entered an order permanently enjoining the Treasury Department and the IRS from recognizing as described in section 501(c)(3) any private school located in the State of Mississippi that failed to adopt, publish, and operate under a racially nondiscriminatory policy as to students and that failed to supply the IRS with certain information to ensure operation on a nondiscriminatory basis. *Green v. Connolly*, 330 F. Supp. 1150 (D.D.C. 1971), *aff'd sub nom.*, *Coit v. Green*, 404 U.S. 997 (1971). The court stated that “[t]he Code must be construed and applied in consonance with the Federal public policy against support for racial segregation of schools, public or private.” *Id.* at 1163. The court declared that section 501(c)(3) “does not provide a tax exemption for ...any organization that is operated for educational purposes unless the school or other educational institution involved has a racially nondiscriminatory policy as to students.” *Id.* at 1179. It further declared that this requires that “the school or other educational institution admits the students of any race to all the rights, privileges, programs and activities generally accorded or made available to students at that school, and which includes, specifically but not exclusively, a policy of making no discrimination on the basis of race in administration of educational policies, applications for admission, of scholarship and loan programs, and athletic and extra-curricular programs.” *Id.*

That year, the IRS issued Rev. Rul. 71-447, 1971-2 C.B. 230, which states that a private school that does not have a racially nondiscriminatory policy as to students does not qualify for exemption from Federal income tax. Consistent with *Green v. Connolly*, the revenue ruling defines a “racially nondiscriminatory policy as to students” as meaning that the school admits the students of any race to all the rights, privileges, programs, and activities generally accorded or made available to students at that school and that the school does not discriminate on the basis of race in administration of its educational policies, admissions policies, scholarship and loan programs, and athletic and other school-administered programs. In support, the revenue ruling states, “All charitable

trusts, educational or otherwise, are subject to the requirement that the purpose of the trust may not be illegal or contrary to public policy,” citing to common law concepts of charity and the Restatement of Trusts.² The revenue ruling acknowledges that Federal statutory law does not prohibit the operation of private schools on a discriminatory basis, but states that the policy of the United States is to discourage discrimination in such schools. The revenue ruling cites to the “well-settled” Federal policy against discrimination in many areas of wide public interest and to “developments of recent decades and recent years reflect[ing] a Federal policy against racial discrimination which extends to racial discrimination in education. Titles IV and VI, The Civil Rights Act of 1964 . . . and *Brown v. Board of Education* . . . and many subsequent Federal court cases, demonstrate a national policy to discourage racial discrimination in education, whether public or private.”

Based on the permanent injunction in *Green v. Connolly*, the IRS also issued Rev. Proc. 75-50, 1975-2 C.B. 587, modified by Rev. Proc. 2019-22, 2019-22 I.R.B. 1260, to set forth guidelines and recordkeeping requirements for determining whether private schools that apply for recognition of exemption from Federal income tax under section 501(c)(3), or are presently recognized as exempt from tax, have racially nondiscriminatory policies as to students. Section 3.01 of Rev. Proc. 75-50 defines a “racially nondiscriminatory policy as to students” by reference to policies addressed by Rev. Rul. 71-447. The first sentence of section 3.02 of Rev. Proc. 75-50 clarifies that “discrimination on the basis of race” includes discrimination on the basis of color and national or ethnic origin. The second sentence of section 3.02 of Rev. Proc. 75-50 states that a “policy of a school that favors racial minority groups with respect to admissions, facilities and programs, and financial assistance will not constitute discrimination on the basis of race when the purpose and effect is to promote the establishment and maintenance of that school’s racially nondiscriminatory policy as to students.” Likewise, the third and fourth sentences of section 4.05 of Rev. Proc. 75-50 state: “Consistent with section 3.02, *supra*, scholarships and loans that are made pursuant to financial assistance programs favoring

members of one or more racial minority groups that are designed to promote a school’s racially nondiscriminatory policy will not adversely affect the school’s exempt status. Financial assistance programs favoring members of one or more racial groups that do not significantly derogate from the school’s racially nondiscriminatory policy similarly will not adversely affect the school’s exempt status.”

On May 24, 1983, the Supreme Court decided *Bob Jones University v. United States*, 461 U.S. 574 (1983). In that case, the Court held that the IRS did not exceed its authority when it announced its interpretation of section 501(c)(3) in Rev. Rul. 71-447, and upheld the IRS’s revocation of the section 501(c)(3) status of Bob Jones University and the Goldsboro Christian Schools, Inc. These schools maintained racially discriminatory policies promoting racial segregation, which the Court held were contrary to a fundamental public policy. *Id.* at 593. The Court reasoned that, in analyzing section 501(c)(3), there was unmistakable evidence that entitlement to a tax exemption depends on meeting a “charitable” standard under common law; that is, serving a public purpose and not being contrary to established public policy. *Id.* at 586. The Court further stated, “[a]n unbroken line of cases following *Brown v. Board of Education* establishes beyond doubt this Court’s view that racial discrimination in education violates a most fundamental national public policy, as well as rights of individuals,” specifying that “[t]he right of a student not to be segregated on racial grounds in schools . . . is indeed so fundamental and pervasive that it is embraced in the concept of due process of law.” *Id.* at 593 (internal cites omitted). The court also cited to numerous acts of Congress, including the Civil Rights Act of 1964, and numerous executive orders “demonstrating the commitment of the Executive Branch to the fundamental policy of eliminating racial discrimination” for its conclusion that “[r]acially discriminatory educational institutions cannot be viewed as conferring a public benefit within the ‘charitable’ concept . . . or within Congressional intent underlying § 170 and § 501(c)(3).” *Id.* at 595-96.

The authorities described in this Background section establish that racial discrimination in education violates a fundamental public policy of the United States and that schools engaging in racial discrimination are ineligible for section 501(c)(3) status.

² The Restatement of Trusts is a treatise published by the American Law Institute that restates and clarifies the common law of trusts in the United States.

III. Developments Regarding Racial Discrimination in Education

In the 1970s, some universities adopted “affirmative action” admissions policies considering race as one factor among others to increase the enrollment of racial minority students in their programs, and courts began to delineate constitutional limits, emphasizing that programs must be narrowly tailored and serve compelling interests. For example, the Supreme Court in *Regents of the University of California v. Bakke*, 438 U.S. 265 (1978), addressed whether the University of California violated the Fourteenth Amendment’s Equal Protection Clause, and Title VI of the Civil Rights Act of 1964, by practicing an “affirmative action” policy that resulted in the repeated rejection of a white male’s application for admission to its medical school.

The *Bakke* Court was divided. Led by Justice Stevens, four justices concluded that Title VI categorically prohibited using race as the basis for excluding persons from participation in federally funded programs, and that the use of racial quotas in university admissions constituted such an exclusion. 438 U.S. at 421. Four other justices, led by Justice Brennan, argued that Title VI’s prohibition on racial discrimination was coextensive with the Equal Protection Clause of the Fourteenth Amendment, that the Equal Protection Clause did not bar the use of race-based criteria that were designed to mitigate the effects of racial discrimination, and accordingly that the use of racial quotas in admissions was not illegal. 438 U.S. at 328, 362, 378. Justice Powell’s opinion announcing the judgment of the Court landed between these two camps. Powell concurred with Brennan that Title VI was coextensive with the Equal Protection Clause, but found that any race-based classification, even for a purportedly benign purpose, was subject to strict scrutiny. *Id.* at 299. Justice Powell held that the practice of setting a specific quota for specific racial groups could not survive strict scrutiny, but that an admissions program which was aimed at attaining the benefits of a diverse student body and treated race as just one element among many in an applicant’s profile was constitutionally permissible. *Id.* at 318–20. Thus, although the Court struck down the use of racial quotas, the Court allowed race to be considered as one of many factors to be considered in admissions.

Approximately 25 years later, the Supreme Court addressed in *Grutter v. Bollinger*, 539 U.S. 306 (2003), whether the University of Michigan Law

School’s use of racial preferences in student admissions violated the Equal Protection Clause of the Fourteenth Amendment or Title VI of the Civil Rights Act of 1964. Looking to Justice Powell’s opinion in *Bakke*, the Court reiterated that maintaining the diversity of a university’s student body was a compelling state interest which could justify race-conscious admissions policies. *Id.* at 325. The Court further found that the University of Michigan’s policies were narrowly tailored to that interest because review of every student’s application was highly individualized, race was one of many types of diversity considered in the process, and acceptance or rejection was not automatic based on the presence of a single variable such as race. *Id.* at 336–38. However, the Court noted that race-conscious admissions policies should be limited in time since “[a] core purpose of the Fourteenth Amendment was to do away with all governmentally imposed discrimination based on race.” *Id.* at 341. The Court further stated that “racial classifications, however compelling their goals, are potentially so dangerous that they may be employed no more broadly than the interest demands,” so a permanent justification for racial preferences would be contrary to the principle of equal protection. *Id.* at 342. Justice O’Connor expressed an expectation that 25 years from the date of the opinion, “the use of racial preferences will no longer be necessary to further the interest approved today.” 539 U.S. at 343 (internal citations omitted).

That same year, the Supreme Court, in *Gratz v. Bollinger*, 539 U.S. 244 (2003), addressed whether the University of Michigan’s use of racial preferences in undergraduate admissions violated the Equal Protection Clause of the Fourteenth Amendment and Title VI of the Civil Rights Act of 1964. The Court found that the undergraduate admissions policy of awarding automatic “points” for race was mechanical, not individualized, and made race a decisive factor in the admissions process. *Id.* at 271–72, 274. As such, the Court held that the undergraduate admissions policies were not sufficiently narrowly tailored to meet the strict scrutiny standard. *Id.* at 270. Because the policy did not provide individualized consideration of applicants but rather resulted in the admission of nearly every qualified applicant of “underrepresented minority” status, it was not narrowly tailored in the manner required by previous jurisprudence to not violate the Equal Protection Clause of the

Fourteenth Amendment and Title VI of the Civil Rights Act of 1964. *Id.*

In 2016, in *Fisher v. University of Texas*, 579 U.S. 365 (2016), the Supreme Court again addressed whether the Equal Protection Clause of the Fourteenth Amendment permits the consideration of race in undergraduate admissions decisions. The Court held that the race-conscious admissions program in use at the time by the University of Texas was lawful under the Equal Protection Clause. *Id.* at 388. That admissions program had been carefully crafted in light of *Grutter*, with the goal of providing the educational benefits of a diverse student body. The court found that the University had met its burden of showing that the admissions policy was narrowly tailored, although it noted that it “remains an enduring challenge to our Nation’s education system to reconcile the pursuit of diversity with the constitutional promise of equal treatment and dignity.” *Id.* at 368. The court observed that the University must continue to use its data about the manner in which different approaches to admissions may foster diversity or instead dilute it to scrutinize the fairness of its admissions program, to assess whether the changing demographics have undermined the need for a race-conscious admissions policy, and to study the positive and negative effects of its affirmative action measures. *Id.*

Most recently, the Supreme Court held in *Students for Fair Admissions, Inc. v. President and Fellows of Harvard College*, 600 U.S. 181 (2023), that the admissions policies of Harvard College and the University of North Carolina had employed unlawful racial discrimination in violation of Title VI of the Civil Rights Act of 1964 and the Equal Protection Clause of the Fourteenth Amendment, respectively. The Court discussed the exacting nature of the strict scrutiny standard necessary to justify racial discrimination under the Equal Protection Clause, explaining that, “[o]ur acceptance of race-based state action has been rare for a reason. Distinctions between citizens solely because of their ancestry are by their very nature odious to a free people whose institutions are founded upon the doctrine of equality. That principle cannot be overridden except in the most extraordinary case.” *Id.* at 208 (internal cites omitted). Ultimately, the Court found that these universities’ race-based admissions policies did not survive strict scrutiny because they “lack sufficiently focused and measurable objectives warranting the use of race, unavoidably employ race in a negative

manner, involve racial stereotyping, and lack meaningful end points.” *Id.* at 230. The Court found flaw with the dissenting opinions (which would have upheld the race-based admissions programs based on remedying the effects of societal discrimination), stating that “[i]n the years after *Bakke*, the Court repeatedly held that ameliorating societal discrimination does not constitute a compelling interest that justifies race-based state action.” *Id.* at 226.

Explanation of Provisions

These proposed regulations would provide that all forms of racial discrimination in education, regardless of the intent behind or the legality of such discrimination (for example, where such discrimination is defended as serving remedial or diversity-related objectives), are against a fundamental public policy of the United States and thus preclude a school’s exemption from Federal income tax under section 501(c)(3). In so doing, the proposed regulations would make clear that discriminating based on race, color, or national or ethnic origin for any purpose by a private school is contrary to a fundamental public policy of the United States. This public policy is evidenced by antidiscrimination law such as the Equal Protection Clause of the Fourteenth Amendment, the Civil Rights Act of 1964, Supreme Court case law such as *Brown to Runyon to Bob Jones to Students for Fair Admissions*, and the actions taken by the Executive Branch to ensure racial nondiscrimination is instituted throughout the United States.³

If these regulations are finalized as proposed, certain portions of Rev. Proc. 75–50, concerning private schools favoring racial minority groups with respect to admissions, facilities and programs, and financial assistance, would be incompatible with the new rules. Accordingly, Rev. Proc. 75–50, as modified by Rev. Proc. 2019–22, would be modified by deleting the second sentence of section 3.02 and the third and fourth sentences of section 4.05. Consistent with these proposed rules, these modifications would take effect with respect to taxable years of private

schools beginning after May 31, 2027, which is expected to be after the date of publication of final regulations in the **Federal Register**. Apart from these modifications, Rev. Proc. 75–50 (as modified by Rev. Proc. 2019–22) would remain in effect.

For the avoidance of any doubt, the proposed regulations would not preclude a private school from maintaining a religious mission, curriculum, or program of observance, or from selecting students on the basis of religious affiliation or membership. Use of a religiously based selection criterion does not become discrimination on the basis of race, color, or national or ethnic origin merely because members of the relevant religious community may also share ancestry or ethnic characteristics (so long as the selection criteria is based solely on religion and not on shared ancestry or ethnic characteristics). Similarly, the proposed regulations would not disturb the continued ability of an organization (including a private school) to take actions or adopt policies intended to eliminate prejudice and discrimination, consistent with existing § 1.501(c)(3)–1(d)(2), provided the organization achieves these purposes by means other than actions or policies that discriminate on the basis of race, color, or national or ethnic origin.

Incorporating the long-standing holding of Rev. Rul. 71–447 in regulatory text and removing the language in Rev. Proc. 75–50 as to the favoring of racial minority groups to further a school’s racially nondiscriminatory purpose would allow for more consistent application of Federal tax law across the United States and make clear to all private schools (that is, all private primary and secondary schools, colleges, professional or trade schools, and universities) the need to eliminate all impermissible racially discriminatory policies incompatible with the benefit of Federal income tax exemption. The proposed regulations would achieve this result by stating a clear, enforceable standard: private schools cannot qualify as “operated exclusively for exempt purposes” within the meaning of section 501(c)(3) if they adopt, maintain, or enforce any policy or practice that discriminates on the basis of race, color, or national or ethnic origin in the administration of any educational policy, admissions policy, scholarship or loan program, athletic program, or other school-administered or supported program.

The proposed regulations would achieve these objectives by adding a new § 1.501(c)(3)–2 to 26 CFR part 1.

Proposed § 1.501(c)(3)–2(a) would provide the general rule that a private school (as defined in proposed § 1.501(c)(3)–2(c)) must be operated exclusively for exempt purposes (within the meaning of § 1.501(c)(3)–1(d)) to be an organization described in section 501(c)(3). It would also provide that a private school that fails to satisfy the nondiscrimination requirement of proposed § 1.501(c)(3)–2(b) will not be exempt from Federal income tax under section 501(c)(3) with respect to taxable years beginning after May 31, 2027, which is after the date final regulations are expected to be published in the **Federal Register**.

Proposed § 1.501(c)(3)–2(b) would provide that a private school is not “operated exclusively for exempt purposes” if it adopts, maintains, or enforces any policy or practice that discriminates on the basis of race, color, or national or ethnic origin in the administration of any educational policy, admissions policy, scholarship and loan program, athletic program, or other school-administered or school-supported program. Proposed § 1.501(c)(3)–2(b) would add that, for this purpose, policies or practices that discriminate on the basis of race, color, or national or ethnic origin include policies or practices that so discriminate for any purpose.

Lastly, proposed § 1.501(c)(3)–2(c) would provide that for purposes of proposed § 1.501(c)(3)–2, the term “private school” means an organization that (determined without regard to the nondiscrimination requirement of paragraph (b)) is described in section 501(c)(3) and classified as an educational organization described in section 170(b)(1)(A)(ii) (that is, any private primary or secondary school, college, professional or trade school, or university). The term does not include a governmental unit, an agency or instrumentality of a governmental unit, or an organization owned or operated by an agency or instrumentality of a governmental unit.

The proposed regulations are intended to clarify the law applicable to qualification for the Federal tax exemption of private schools, which would eliminate ambiguity and ensure consistent application across all private schools. The proposed regulations would also provide administrative certainty for IRS personnel and ensure that Federal income tax exemption does not benefit racially discriminatory practices in education.

Proposed Applicability Date

The Treasury Department and the IRS expect to finalize these regulations, with

³ See, e.g., Executive Order 10730 (22 FR 7628; Sep. 24, 1957) (authorizing the use of the National Guard to enforce the desegregation of public schools in Little Rock, Arkansas); Executive Order 14173 (90 FR 8633; Jan. 21, 2025) (directing agency heads to create plans to deter illegal discrimination, including at institutions of higher education); Executive Order 14280 (90 FR 17533; April 23, 2025) (directing the Secretary of Education and Attorney General to take action aimed at preventing racial discrimination in school disciplinary systems).

any necessary modifications based on timely comments received, in advance of May 31, 2027. These regulations are proposed to apply to taxable years of private schools beginning after May 31, 2027. This proposed applicability date will allow any private schools that may need to amend their existing policies, including admissions or scholarship policies, to do so before the beginning of any taxable year to which the final regulations are expected to apply.

Special Analyses

I. Regulatory Planning and Review

Executive Orders 12866 and 13563 direct agencies to assess costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and equity). Executive Order 13563 emphasizes the importance of quantifying both costs and benefits, reducing costs, harmonizing rules, and promoting flexibility.

These proposed regulations have been designated by the Office of Management and Budget's (OMB's) Office of Information and Regulatory Affairs (OIRA) as subject to review under section 6(b) of Executive Order 12866 pursuant to the Memorandum of Agreement (July 4, 2025) between the Treasury Department and the Office of Management and Budget regarding review of tax regulations. OIRA has determined that the proposed rulemaking is significant and subject to review under Executive Order 12866 and section 1(b) of the Memorandum of Agreement. Accordingly, the proposed regulations have been reviewed by OMB.

A. Need for Regulation

The proposed regulations would provide that a private school which discriminates on the basis of race, color, or national or ethnic origin in the administration of its policies is not operated "exclusively for charitable purposes." Therefore, a private school which engages in racial discrimination cannot qualify for exemption from Federal income tax. Consistent with recent developments in the law,⁴ these regulations hold that racial discrimination in education is impermissible, regardless of its intent

(for example, to ameliorate the effects of past racial discrimination).

B. The Statute and the Proposed Regulations

The proposed regulations would provide that a private school cannot meet the definition of an organization exempt from Federal income tax if it discriminates on the basis of race, color, or national or ethnic origin in administration of its educational, admissions, scholarship, athletic, or other policies. It would further define race-based action for the purpose of ameliorating societal discrimination as a form of discrimination. These regulations would apply to private primary, secondary, preparatory, or high schools, as well as colleges and universities, for taxable years beginning after May 31, 2027.

C. Baseline

The Treasury Department and the IRS have assessed the benefits and costs of the proposed regulations relative to a no-action baseline reflecting anticipated Federal income tax-related behavior in the absence of these proposed regulations.

D. Affected Entities and Taxpayers

The Treasury Department and the IRS estimate that the proposed regulations may affect the 18,000 private elementary, secondary, and post-secondary schools in the United States that currently qualify for tax exempt status and the 750,000 students attending these schools who may qualify for scholarships allocated on the basis of racial, ethnic, or national identity.⁵ In addition, the Treasury Department and the IRS estimate that the proposed regulations may also affect taxpayers who donate to scholarship funds administered by private schools, and that use racial criteria to determine eligibility to receive scholarship funds. The Treasury Department and the IRS do not have readily available parameters and models to quantify the number of taxpayers who make charitable contributions to support race-based scholarship funds administered by private schools.

⁵ The Treasury Department and the IRS do not collect information on race or ethnicity. The number of students potentially qualifying for scholarships based on race or ethnicity is estimated using a survey conducted by the GAO, (Linda G. Morra, "Higher Education: Information on Minority-Targeted Scholarships," U.S. Government Accountability Office (GAO), HEHS-94-77, January 14, 1994; last accessed February 19, 2026. <https://www.gao.gov/assets/hehs-94-77.pdf>).

E. Economic Effects of the Proposed Regulations

As postsecondary schools have already changed their admissions policies following the Supreme Court's decision in *Students for Fair Admissions (SFFA)*, the Treasury Department and the IRS anticipate that all economic effects of this proposed regulation on postsecondary schools will follow from the requirement to apply such definition of discrimination to the administration of scholarship and loan policies.

The Treasury Department and the IRS expect that all private primary and secondary schools will adjust their admissions criteria to conform to the proposed regulations, so that they may retain their tax-exempt status.⁶ The proposed regulations provide that to maintain tax exempt status, schools may not discriminate on the basis of race in their admissions policies, but the Treasury Department and the IRS are not aware of any data that would provide the extent to which private primary and secondary schools currently discriminate on the basis of race and ethnicity when admitting students. Further to the extent that the number of primary and secondary students being educated is unchanged, it is expected that the change in the racial composition of primary and secondary students among public and private primary and secondary schools will have a minimal effect on primary and secondary student outcomes or economic growth in general. The Treasury Department and the IRS also do not have the data to model the cost to schools (that currently discriminate based on race or ethnicity) of changing admission criteria to maintain compliance. Low-cost options to maintain compliance may be available to many schools, but some schools may choose higher cost options in order to

⁶ Private primary and secondary schools were not directly affected by *SFFA*. However, following *SFFA*, several prominent advisors to private primary and secondary schools anticipated that this decision would ultimately come to apply to K-12 private schools as well, and advised schools to adapt their admissions processes accordingly. Treasury and the IRS therefore anticipate that a subset of these schools have already changed their admissions policies to reflect a definition of discrimination close to the one in the proposed rule. Smith, Kristin L. 2023. "6 Steps for Private and Independent Schools in the Wake of the SCOTUS Affirmative Action Ruling." <https://www.fisherphillips.com/en/insights/insights/private-and-independent-schools-scotus-affirmative-action-ruling>. Pass, Caryn G., Grace H. Lee, Janice P. Gregerson, and Ashley E. Sykes. 2023. "No More Affirmative Action: What Does the Supreme Court's Decision Mean for Independent Schools?" <https://www.venable.com/insights/publications/2023/07/no-more-affirmative-action-what-does>.

⁴ See *Students for Fair Admissions v. President and Fellows of Harvard College*, 600 U.S. 181 (2023) (*SFFA*).

meet other objectives. To the extent that primary and secondary schools have preemptively adjusted admission criteria in the wake of the *SFFA* decision regarding postsecondary schools and to the extent that low cost compliance options are available (even if not chosen), compliance costs with regard to private primary and secondary school admission would be minimal.

The proposed regulations are not expected to affect private school athletic programs where inclusion is generally based on athletic ability, not race or ethnicity. Further, while the proposed regulations might also affect any other school-supported programs or education policies administered by private schools, the Treasury Department and the IRS assume that any economic effects arising from this relatively narrow, miscellaneous group of activities would be insignificant.

The proposed regulations are expected to have three types of economic effects on private school financial aid policies. First, private schools may incur some legal and administrative costs as they endeavor to comply with the proposed regulations. Second, the proposed regulations may affect the distribution of scholarship and loan funds among the population of students. Third, the proposed regulations may affect the charitable giving behavior of donors who wish to provide scholarships or loans where race, ethnicity, or national origin are included in the set of eligibility criteria. In all cases, if these nondiscrimination rules are finalized as proposed, the Treasury Department and the IRS expect that private schools will comply in order to maintain their tax-exempt status. This assumption is based on the observed compliance with the Supreme Court ruling in *SFFA*.⁷

⁷ Prior to *SFFA*, experts anticipated that a race-blind admissions policy would impact the racial composition at only the most selective institutions, reducing the share of their student body which comes from historically underrepresented racial, ethnic, or national groups, and correspondingly increasing the share of other students represented on these campuses (Reber, Goodman, and Nagashima (2023)). Recent research finds evidence that *SFFA* has had this expected effect on admissions. In the year following *SFFA*, the shares of Black, Native American, Hispanic/Latino, Native Hawaiian, and Pacific Islander students enrolled at the most selective schools fell (Snider, 2026). These findings are corroborated by Bloem et al. (2026), which further shows that these students instead enrolled at less-selective schools, while the highest-achieving students belonging to other races, ethnicities, and nationalities, and residing in low-income neighborhoods, were more likely to attend “Ivy Plus” colleges following *SFFA*. As the anticipated effect of this policy has thus far been borne out in empirical data, this evidence is consistent with compliance with the Supreme Court ruling in *SFFA*. Bloem, Michael D., Ashley Edwards, J. Parker Goyer, Jessica Howell, Xiaowen

1. Compliance Costs for Private Schools

Private schools may incur some legal and administrative costs as they endeavor to comply with the proposed regulations. These costs will depend, in part, on the legal circumstances under which a race-based scholarship was created. In the event that a race-based scholarship was endowed by a donor, whose letter of intent explicitly stated that eligibility relies on race-based criteria, schools may need to work with the donors, or the donors’ heirs, to find an alternative set of eligibility criteria for the scholarship recipients. This process will incur administrative and legal costs. The Treasury Department and the IRS do not have readily available parameters or models to precisely assess the extent of such costs. However, only a minority of scholarship dollars are restricted by the donor’s intention: scholarship dollars funded by any restricted endowment (restricted by race, ethnicity or any other criterion) represent no more than 16 percent of total scholarship dollars.⁸

Most scholarships and loans offered by private schools are not endowed by a donor with the express intent of restricting eligibility based on race, ethnicity, or national origin. For these scholarships and loans, private schools would have the latitude to revise eligibility criteria to conform to the proposed regulation’s definition of racial nondiscrimination. In this case, private schools may use a different mechanism for allocating scholarships and loans to recipients, for example, using geographic or income-based

Hu, Michael Hurwitz, Samuel J. Imlay, Jennifer Ma, and Matea Pender. 2026. “College Enrollment Patterns After *SFFA* v. Harvard.” EdWorkingPaper: 26–1392. Retrieved from Annenberg Institute at Brown University: <https://doi.org/10.26300/6a7w-bq06>. Reber, Sarah, Gabriela Goodman, and Rina Nagashima. 2023. “Admissions at most colleges will be unaffected by Supreme Court ruling on affirmative action.” <https://www.brookings.edu/articles/admissions-at-most-colleges-will-be-unaffected-by-supreme-court-ruling-on-affirmative-action/>. Snider, Emily. 2026. “The Impact of the 2023 Students for Fair Admissions v. Harvard Decision on Undergraduate Demographics.” EdWorkingPaper: 26–1471. Retrieved from Annenberg Institute at Brown University: <https://doi.org/10.26300/98fw-8558>.

⁸ U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS), Spring 2025, Finance component, retrieved on February 10, 2026, from <https://nces.ed.gov/ipeds/use-the-data>. This share represents the share of all institutional grants to students which are funded by endowments. Unfunded institutional grants include the amount awarded to students from unrestricted institutional resources. Funded institutional grants include the amounts awarded to students from institutional resources restricted for the purpose of student aid, such as scholarships and fellowships funded by gifts or endowment return restricted for that purpose.

criteria in lieu of a racial or ethnic criterion to determine scholarship eligibility. The shift to using a different mechanism is not expected to result in significant compliance costs and may be the preferred method for maintaining compliance while targeting scholarships and loans to certain students.

2. Changes in Recipient Population

The proposed regulations may affect the distribution of private school scholarship and loan funds among the population of students. This would result in a change in the composition of the pool of scholarship and loan recipients, but the total value of scholarships and loans awarded, and the number of scholarship and loan recipients, are not expected to change. The degree to which the composition of the pool of scholarship and loan recipients changes may also be limited.

The Treasury Department and the IRS expect that donors may continue to donate to private schools using alternative criteria, such as income, geography, or first-generation student status. The use of these alternative criteria results in a weaker relationship with race and ethnicity and a stronger relationship with other indicators of disadvantage such as income.⁹ The Treasury Department and the IRS therefore anticipate that, should donors come to rely on alternative criteria, their gifts would ultimately benefit a population of scholarship recipients whose socioeconomic characteristics are similar to, but do not precisely coincide with, those of the counterfactual set of individuals who would have received scholarships in the absence of the proposed rule.

The Treasury Department and the IRS also expect that almost all private schools, in order to maintain their tax-exempt status, will adjust their scholarship and loan criteria to conform to the regulations if finalized as proposed. To the extent the new criteria used by private schools to distribute scholarships and loans among their students (for example, income and geography) are correlated with race and ethnicity, the change in the recipient population may be limited. The Treasury Department and the IRS do not have readily available parameters and models to more precisely assess the correlation between race and ethnicity

⁹ Levine, Phillip, and Sarah Reber. 2023. “Can colleges afford class-based affirmative action?” Technical report, The Brookings Institution. <https://www.brookings.edu/articles/can-colleges-afford-class-based-affirmative-action/>. Epplé, Dennis, Richard Romano, and Holger Sieg. “Diversity and affirmative action in higher education.” *Journal of Public Economic Theory* 10.4 (2008): 475–501.

and other possible criteria that may be used by private schools to distribute scholarships and loans.

3. Charitable Giving Behavior of Donors

The Treasury Department and the IRS expect that the proposed regulation may affect the charitable giving behavior of donors who wish to provide scholarships or loans where race, ethnicity, or national origin are included in the set of eligibility criteria. These donors may find that eligibility criteria other than race, ethnicity, or national origin, can also be well-suited to promoting educational attainment for certain families. While the proposed rule does prevent these donors from granting scholarships based on race, ethnicity, or national origin through schools, these donors retain the ability to fund other scholarships. By funding these alternative scholarships, donors may achieve substantially similar outcomes—both for the beneficiaries of their gifts, and with respect to their own tax liability—under the proposed rule as they would have achieved in its absence. As such, the Treasury Department and the IRS expect that the regulation will have a negligible impact on this subset of charitable donors.

II. Paperwork Reduction Act

The proposed regulations do not create new collection requirements, as defined under the Paperwork Reduction Act (44 U.S.C. 35); and do not alter any previously approved OMB information collection requirements and their associated burden.

III. Regulatory Flexibility Act

The Secretary of the Treasury certifies that these proposed regulations will not have a significant economic impact on a substantial number of small entities pursuant to the Regulatory Flexibility Act (5 U.S.C. chapter 6). This certification is based on the fact that although these proposed regulations may affect as many as 18,000 private elementary, secondary, and post-secondary schools, the proposed regulations would not impose new economically significant requirements on a substantial number of small entities seeking Federal income tax exemption other than legal requirements such entities likely already comply with. The proposed regulations also would not impose a collection of information on any entities (including small entities). The economic effects of the proposed regulations would follow from the administration of scholarship and loan policies by these private schools, with effects on athletics and any other school-supported programs or education

policies administered by private schools being insignificant.

Private schools may incur some legal and administrative costs as they endeavor to comply with the regulations if finalized as proposed to the extent of any race-based scholarships that are endowed by a donor, whose letter of intent explicitly stated that eligibility relies on race-based criteria. The income from a scholarship endowment is restricted to fund scholarships, so the impact of eliminating or transferring any such funds on the operating budget and investment assets of the school would be minimal. To the extent that such private schools have preemptively adjusted admissions and scholarship criteria in the wake of the *SFFA* decision, any such effects would be attenuated towards zero.

The Treasury Department and the IRS do not have readily available parameters and models to precisely assess the extent to which affected private schools would pursue shifting criteria, returning funds, or maintaining funds without granting race-based scholarships, or the cost of implementing such changes. However, only a minority of scholarship dollars are restricted by the donor's intention: scholarship dollars funded by any restricted endowment (restricted by race, ethnicity, or any other criterion) represent no more than 16 percent of total scholarship dollars.¹⁰ As such, the Treasury Department and the IRS believe any legal and administrative costs to comply with the regulations (if finalized as proposed) for those private schools with existing endowed race-based funds would not have a significant economic impact on a substantial number of small entities.

Notwithstanding this certification that the proposed regulations would not have a significant economic impact on a substantial number of small entities, the Treasury Department and the IRS invite comments on the economic impacts these proposed regulations may have on small entities.

IV. Section 7805(f)

Pursuant to section 7805(f) of the Code, these proposed regulations will be submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on their impact on small business.

V. Unfunded Mandates Reform Act

Section 202 of the Unfunded Mandates Reform Act of 1995 requires that agencies assess anticipated costs and benefits and take certain other actions before issuing a final rule that

includes any Federal mandate that may result in expenditures in any one year by a State, local, or Tribal government, in the aggregate, or by the private sector, of \$100 million in 1995 dollars, updated annually for inflation. These proposed regulations do not include any Federal mandate that may result in expenditures by State, local, or Tribal governments, or by the private sector, in excess of that threshold.

VI. Executive Order 13132: Federalism

Executive Order 13132 (Federalism) prohibits an agency from publishing any rule that has federalism implications if the rule either imposes substantial, direct compliance costs on State and local governments, and is not required by statute, or preempts State law, unless the agency meets the consultation and funding requirements of section 6 of the Executive order. These proposed regulations do not have federalism implications, do not impose substantial direct compliance costs on State and local governments, and do not preempt State law within the meaning of the Executive order.

Comments and Requests for a Public Hearing

Before these proposed regulations are adopted as final regulations, consideration will be given to any comments that are submitted timely to the Treasury Department and the IRS as prescribed in this preamble under the **ADDRESSES** heading. The Treasury Department and the IRS request comments on all aspects of the proposed regulations. Any comments submitted will be made available at <https://www.regulations.gov> or upon request. A public hearing will be scheduled if requested in writing by any person that timely submits electronic or written comments. Requests for a public hearing are encouraged to be made electronically. If a public hearing is scheduled, notice of the date, time, and place for the hearing will be published in the **Federal Register**.

Effect on Other Documents

If these rules are finalized as proposed, Rev. Proc. 75–50, as modified by Rev. Proc. 2019–22, would be modified by deleting the following sentences which are incompatible with the proposed rules:

1. The second sentence of section 3.02.
2. The third and fourth sentences of section 4.05.

¹⁰ See *Id.*

Statement of Availability of IRS Documents

Rev. Rul. 71–447 and Rev. Proc. 75–50 were published in the *Internal Revenue Bulletin* and are available from the Superintendent of Documents, U.S. Government Publishing Office, Washington, DC 20402, or by visiting the IRS website at <https://www.irs.gov>.

Drafting Information

The principal author of these proposed regulations is the Office of Associate Chief Counsel (Employee Benefits, Exempt Organizations, and Employment Taxes). However, other personnel from the Treasury Department and the IRS participated in their development.

List of Subjects in 26 CFR Part 1

Income taxes, Reporting and recordkeeping requirements.

Proposed Amendments to the Regulations

Accordingly, the Treasury Department and the IRS propose to amend 26 CFR part 1 as follows:

PART 1—INCOME TAXES

■ **Paragraph 1.** The authority citation for 26 CFR Part 1 continues to read, in part, as follows:

Authority: 26 U.S.C. 7805 * * *

* * * * *

■ **Par. 2.** Section 1.501(c)(3)–2 is added to read as follows:

§ 1.501 (c)(3)–2 Racial nondiscrimination requirement for private schools.

(a) *In general.* A private school (as defined in paragraph (c) of this section) must be operated exclusively for one or more exempt purposes (as defined in § 1.501(c)(3)–1(d)) to be an organization described in section 501(c)(3) of the Internal Revenue Code (Code). A private school that fails to satisfy the nondiscrimination requirement of paragraph (b) of this section is not an organization described in section 501(c)(3) with respect to any taxable year of the private school described in paragraph (d) of this section.

(b) *Nondiscrimination requirement.* A private school is not operated exclusively for exempt purposes if it adopts, maintains, or enforces any policy or practice that discriminates on the basis of race, color, or national or ethnic origin in the administration of any educational policy, admissions policy, scholarship or loan program, athletic program, or other school-administered or school-supported program. For purposes of this section, discrimination on the basis of race,

color, or national or ethnic origin includes any discrimination on the basis of race, color, or national or ethnic origin for any purpose.

(c) *Private school defined.* For purposes of this section, the term *private school* means an organization described in section 501(c)(3) (determined without regard to the nondiscrimination requirement of paragraph (b) of this section) and classified as an educational organization described in section 170(b)(1)(A)(ii) of the Code. The term *private school* does not include a governmental unit, an agency or instrumentality of a governmental unit, or an organization that is owned or operated by an agency or instrumentality of a governmental unit. For purposes of this definition, the term *governmental unit* means the United States, a State, an Indian Tribal government (within the meaning of section 7701(a)(40) of the Code), the District of Columbia, a possession of the United States, or a political subdivision of any of the foregoing.

(d) *Applicability date.* This section applies with respect to the taxable year of any private school beginning after May 31, 2027.

Frank J. Bisignano,
Chief Executive Officer.

[FR Doc. 2026–18127 Filed 9–3–26; 8:45 am]

BILLING CODE 4831–GV–P

ENVIRONMENTAL PROTECTION AGENCY

40 CFR Part 122

[EPA–HQ–OW–2026–6965; FRL 13340–01–OW]

RIN 2040–AG56

Updates to the National Pollutant Discharge Elimination System Definitions and Exclusions

AGENCY: Environmental Protection Agency (EPA).

ACTION: Proposed rule.

SUMMARY: The U.S. Environmental Protection Agency (EPA) proposes to revise a regulatory definition under the Clean Water Act (CWA) permitting regulations pertaining to discharges in the contiguous zone and ocean. The proposal would revise the regulatory definition of “discharge of a pollutant” to reflect and faithfully implement the statutory exclusion of vessels and other floating craft that add pollutants in the contiguous zone or the ocean from inclusion in the definition of “discharge of a pollutant” or “discharge”, and thus,

from National Pollutant Discharge Elimination System (NPDES) program requirements. The proposed rulemaking would also make conforming and clarifying changes to the NPDES regulatory exclusion for vessels and other floating craft. The effect of these changes would be that the addition of pollutants by a vessel or other floating craft in the contiguous zone or the ocean that is not secured to the seabed would not be a discharge and would not require CWA NPDES permit authorization to add pollutants to those waters.

DATES: Comments must be received on or before October 19, 2026. Please refer to the **SUPPLEMENTARY INFORMATION** section for additional information on the public hearing.

ADDRESSES: You may send comments, identified by Docket ID No. EPA–HQ–OW–2026–6965, by any of the following methods:

- *Federal eRulemaking Portal:* <https://www.regulations.gov/> (our preferred method). Follow the online instructions for submitting comments.

- *Email:* OW-docket@epa.gov. Include Docket ID No. EPA–HQ–OW–2026–6965 in the subject line of the message.

- *Mail:* U.S. Environmental Protection Agency, EPA Docket Center, Office of Water Docket, Mail Code 28221T, 1200 Pennsylvania Avenue NW, Washington, DC 20460.

- *Hand Delivery or Courier:* EPA Docket Center, WJC West Building, Room 3334, 1301 Constitution Avenue NW, Washington, DC 20004. The Docket Center’s hours of operations are 8:30 a.m. to 4:30 p.m., Monday through Friday (except Federal Holidays).

Instructions: All submissions received must include the Docket ID No. for this rulemaking. Comments received may be posted without change to <https://www.regulations.gov>, including personal information provided. For detailed instructions on sending comments and additional information on the rulemaking process, see the “Public Participation” heading of the **SUPPLEMENTARY INFORMATION** section of this document.

FOR FURTHER INFORMATION CONTACT: Kenda Conley, Water Permits Division, Office of Water (7324G), Environmental Protection Agency, 1200 Pennsylvania Avenue NW, Washington, DC 20460; telephone number: 202–564–0306; email address: conley.kenda@epa.gov.

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I. Executive Summary

A. Purpose of the Regulatory Action

The U.S. Environmental Protection Agency (EPA) proposes to revise an existing regulatory definition under the National Pollutant Discharge Elimination System (NPDES) regulations to reflect and faithfully implement the text of the Clean Water Act (CWA) and enhance regulatory clarity by indicating more explicitly which addition of pollutants are excluded from the NPDES regulations.

B. Summary of the Major Provisions of the Regulatory Action

The definition of “discharge of a pollutant” is central to the implementation of the CWA and the NPDES permitting program. The CWA generally prohibits discharges into navigable waters, the contiguous zone, and the ocean without first obtaining an NPDES permit. See 33 U.S.C. 1311(a)

and 33 U.S.C. ¹ “Discharge of a pollutant” or “discharge” is defined differently based on the geographic location of the receiving water. First, for navigable waters, CWA section 502(12)(A) defines “discharge of a pollutant” as “any addition of any pollutant to navigable waters from any point source.” 33 U.S.C. 1362(12)(A). Second, for waters of the contiguous zone or the ocean, CWA section 502(12)(B) defines “discharge of a pollutant” as “any addition of any pollutant to waters of the contiguous zone or the ocean from any point source other than a vessel or other floating craft.” For each of these jurisdictional waters, the term “point source” is defined by statute to include a vessel or other floating craft. 33 U.S.C. 1362(14). As a result of these statutory definitional differences, additions of pollutants from a vessel or other floating craft into waters of the contiguous zone or ocean are expressly excluded from the definition and not considered “discharges of pollutants.” Consequently, additions of pollutants from vessels or other floating craft in the contiguous zone or ocean are excluded from the scope of the NPDES permitting program. 33 U.S.C. 1311(a), 1342(a), and 1362(14)(B).

The current regulatory definition of “discharge of a pollutant” at 40 CFR 122.2 appears to narrow the statutory exclusion provided by CWA section 502(12) through regulatory means, stating that it only applies to a vessel or other floating craft in the contiguous zone or ocean “which is being used as a means of transportation.” The current regulation at 40 CFR 122.3(a) similarly specifies that a vessel or other floating craft that adds pollutants to the waters of the contiguous zone or the ocean is not excluded from the NPDES permit requirements if it is operating in any additional capacity “other than as a means of transportation.”

The EPA proposes to clarify that NPDES permitting does not apply to pollutant additions from certain vessel offshore operations in the contiguous zone and ocean. Specifically, the proposal, if finalized, would provide that, in either the contiguous zone or the ocean, a vessel or other floating craft that is not secured to the seabed does not require NPDES permit authorization to add pollutants to such waters. The proposed changes would align the regulatory definition in 40 CFR 122.2 with the text of the statutory definition

¹ Generally, and subject to specified conditions, “the Administrator may, after opportunity for public hearing issue a permit for the discharge of any pollutant, or combination of pollutants, notwithstanding section 1311(a) of this title.”

of “discharge of a pollutant” and would make conforming changes to 40 CFR 122.3. Nothing in this proposal intends to modify the applicability of NPDES permitting to pollutant additions from operations in waters of the United States. Similarly, nothing in this proposal intends to modify the applicability of NPDES permitting to pollutant additions from facilities that are secured to the seabed in either the contiguous zone or the ocean.

C. Costs and Benefits

Costs and benefits may be incurred as a result of implementing the proposed rulemaking. The agency prepared an economic analysis for the proposed rulemaking, available in the docket for this action. The EPA estimates that the proposed rulemaking is expected to result in a total of \$1.8 million dollars in cost savings. Potential foregone benefits of the proposed rule could include the current management of localized seafood processing discharges to ocean waters beyond three miles, with possible effects on marine species and receiving-water quality. The proposed rule would also eliminate permit-required monitoring and reporting, potentially reducing the information available for public review.

II. Public Participation

A. Written Comments

Submit your comments, identified by Docket ID No. EPA-HQ-OW-2026-6965, at <https://www.regulations.gov> (our preferred method), or the other methods identified in the **ADDRESSES** section. Once submitted, comments cannot be edited or removed from the docket. EPA may publish any comment received to its public docket. Do not submit to EPA's docket at <https://www.regulations.gov> any information you consider to be Confidential Business Information (CBI), Proprietary Business Information (PBI), or other information whose disclosure is restricted by statute. Multimedia submissions (audio, video, etc.) must be accompanied by a written comment. The written comment is considered the official comment and should include discussion of all points you wish to make. EPA will generally not consider comments or comment contents located outside of the primary submission (*i.e.*, on the web, cloud, or other file sharing system). Please visit <https://www.epa.gov/dockets/commenting-epa-dockets> for additional submission methods; the full EPA public comment policy; information about CBI, PBI, or multimedia submissions; and general

guidance on making effective comments.

III. General Information

A. What action is the Agency taking?

To reflect and faithfully implement the text of the CWA, the agency is publishing a proposed rulemaking for public comment that would revise the regulatory definition of “discharge of a pollutant” or “discharge” (and make conforming changes to the NPDES permit exclusion regulation at 40 CFR 122.3) to be consistent with the statutory definition of “discharge of a pollutant,” which excludes the addition of pollutants from vessels or other floating craft in the contiguous zone or ocean from the statutory definition of “discharge of a pollutant” and from the scope of the NPDES permitting program.

B. What is the Agency’s authority for taking this action?

The authority for this action is the Federal Water Pollution Control Act, 33 U.S.C. 1362 *et seq.*, including sections 301, 402, 501, and 502.

C. What are the incremental costs and benefits of this action?

The agency prepared an economic analysis for the proposed rulemaking, available in the docket for this rulemaking. The EPA estimates that the proposed rule would result in \$1.7 million in annual compliance cost savings for offshore seafood processors operating in the contiguous zone or ocean, and \$50,000 in annual administrative cost savings for the EPA associated with permitting this activity. In total, the proposed rulemaking is expected to result in approximately \$1.8 million in annual cost savings.

Potential foregone benefits of the proposed rule could include the current management of localized seafood processing discharges to ocean waters beyond three miles, with possible effects on marine species and receiving-water quality. The proposed rule would also eliminate permit-required monitoring and reporting, potentially reducing the information available for public review.

IV. Background

A. Clean Water Act Statutory and Regulatory Background

Section 301(a) of the CWA provides that “the discharge of any pollutant by any person shall be unlawful” unless the discharge complies with certain other sections of the Act. 33 U.S.C. 1311(a). A person may discharge a pollutant without violating the CWA section 301 prohibition by, for example,

obtaining authorization to discharge under a CWA section 402 NPDES permit (33 U.S.C. 1342). Under CWA section 402(a), the EPA may “issue a permit for the discharge of any pollutant, or combination of pollutants, notwithstanding section [301(a)]” upon meeting certain conditions required by the Act.

The CWA defines “discharge of a pollutant” in two parts: “(A) any addition of any pollutant to navigable waters from any point source, (B) any addition of any pollutant to the waters of the contiguous zone or the ocean from any point source other than a vessel or other floating craft.” 33 U.S.C. 1362(12). A “point source” includes any “discernible, confined and discrete conveyance, including but not limited to any pipe, ditch, channel, tunnel, conduit, well, discrete fissure, container, rolling stock, concentrated animal feeding operation, or vessel or other floating craft, from which pollutants are or may be discharged.” 33 U.S.C. 1362(14). (emphasis added)

Congress adopted the two-part framework for the definition of “discharge of a pollutant” in 1972 to regulate point source additions based on where the addition of a pollutant occurs and the type of source involved, including a distinct treatment for vessels in the contiguous zone and the ocean.²

In 1973, in relation to vessels and other floating crafts operating in the contiguous zone or the ocean, the EPA defined “discharge of pollutant” as “any addition of any pollutant to the waters of the territorial sea, the contiguous zone or the ocean from any point source other than a vessel or other floating craft.” 38 FR 13528, 13529 (May 22, 1973).

In 1979, the EPA expanded the regulatory definition of “discharge of a pollutant” as compared to the statutory

² Under the Act, the EPA’s seaward jurisdiction extends to three distinct belts: the territorial seas, the contiguous zone, and the ocean. The “territorial seas” means “the belt of seas measured from the line of ordinary low water along the portion of the coast in direct contact with the open sea and the line marking the seaward limit of inland waters, and extending seaward a distance of three miles.” 33 U.S.C. 1362(8). The “contiguous zone” means the “entire zone established or to be established by the United States under article 24 of the Convention of the Territorial Sea and the Contiguous Zone.” 33 U.S.C. 1362(9). When the CWA was enacted in 1972, Article 24 provided for a contiguous zone—a zone of the high seas contiguous to a country’s territorial sea where a country may exercise certain controls, which may not extend beyond 12 miles from baseline from which the breadth of the territorial sea is measured. Therefore, under the CWA, the nine-mile contiguous zone extends beyond the three-mile territorial seas. “Ocean” means “any portion of the high seas beyond the contiguous zone.” 33 U.S.C. 1362(10).

definition by limiting the scope of the statutory vessel exclusion for additions of pollutants occurring in the contiguous zone and ocean to vessels “being used as a means of transportation.” 44 FR 32854, 32859 (June 7, 1979). The 1979 regulatory definition remains in place and is the subject of this proposed rulemaking. Under the existing regulation, if a vessel or floating craft is not actively engaging in transport (*i.e.*, it is not physically moving across the contiguous zone or the ocean), then such vessel or floating craft is not captured by the regulatory vessel exclusion. Based upon the regulatory language, for example, offshore seafood processor trawlers are presently not considered excluded vessels or other floating crafts because they engage in activity in one general location within the ocean or the contiguous zone and are not actively engaging in transport throughout the operation of the trawler while in the ocean or the contiguous zone. The preamble of the final 1979 rulemaking justified the limitation of the statutory vessel exclusion based upon the agency’s interpretation that the CWA and the NPDES program “is aimed at industrial processes that occur at sea” and that the CWA is “designed to regulate routine industrial discharges.” *Id.* The preamble failed to acknowledge or address why Congress treated additions of pollutants differently based upon geographic location of the receiving water irrespective of the type of source adding pollutants to the receiving water.

V. Proposed Regulatory Revisions

A. What is the Agency proposing?

To reflect and faithfully implement the text of the CWA, the EPA proposes to revise the regulatory definition of “discharge of a pollutant” or “discharge” (and make conforming changes to the NPDES permit exclusion regulation at 40 CFR 122.3) to be consistent with the statutory definition of “discharge of a pollutant,” which excludes the addition of pollutants from vessels or other floating craft in the contiguous zone or ocean from the statutory definition of “discharge of a pollutant” and from the scope of the NPDES permitting program. This proposed rulemaking is expected to only impact the addition of pollutants to waters of the contiguous zone or ocean from vessels or other floating craft.

The EPA proposes to remove the qualifying phrase “which is being used as a means of transportation” from paragraph (b) of the regulatory definition. This revision would match

the regulation to the statutory text of CWA section 502(12)(B), which excludes from the definition of “discharge” any addition of any pollutant from “a vessel or other floating craft” in the contiguous zone or ocean. To align with the ordinary meaning of “vessel or other floating craft,” the agency is also proposing to add the following explanatory sentence to the end of the paragraph under 40 CFR 122.2(b) to differentiate between “vessel or other floating craft” and “fixed” craft: “For the purposes of subsection (b) of this definition, any point source in the contiguous zone or ocean that is secured to the seabed is not a ‘vessel or other floating craft.’ A point source is considered ‘fixed’ or ‘secured’ when it is either permanently attached to the seabed or is a buoyant facility substantially moored to the seabed, such that it cannot be moved without special effort through an undertaking from outside and separate from the facility, to change the location of the facility, or it is a mobile offshore drilling unit engaged in drilling operations.”

The EPA proposes to also make conforming edits to the regulatory language at 40 CFR 122.3(a) to reflect the statutory text of CWA section 502(12)(B). First, as the scope of the NPDES permit requirement as it relates to vessels or other floating craft in the contiguous zone and ocean is addressed under the definition of “discharge of a pollutant” in 40 CFR 122.2, the EPA proposes to amend the language at 40 CFR 122.3(a) so to limit the provision’s applicability to only additions of pollutants to waters of the United States, including the territorial seas. The source and scope of the EPA’s NPDES authority in waters of the United States, including the territorial seas, is different from the source and scope of the EPA’s authority in the contiguous zone or ocean. This proposed rulemaking is based on the rationale that the current approach of addressing discharges from vessels and other floating craft similarly in waters of the United States, including the territorial seas, versus the contiguous zone and the ocean is inconsistent with the text of the CWA and would cause continued confusion.

B. Proposed Rulemaking Rationale

The EPA proposes to revise the scope of the NPDES permitting regulations to reflect and faithfully implement the CWA section 502(12)(B) statutory text defining the “discharge of a pollutant” in the contiguous zone and ocean. The applicability of the section 402 NPDES requirements for all point source discharges into either a “water of the

United States” or the territorial seas is not affected by this proposed rulemaking.

The proposed amended regulations would, if finalized, represent the best reading of CWA section 502(12)(B). In 2024, the Supreme Court decided *Loper Bright Enters. v. Raimondo*, 603 U.S. 369 and concluded that, the court must “determine the best reading of the statute.” *Id.* at 399. Accordingly, agencies are bound to implement, the “best” reading of a statute. The proposed rulemaking, if finalized, would revise aspects of the EPA’s current 40 CFR 122.2 interpretation of the CWA definition of “discharge of a pollutant,” 33 U.S.C. 1362(12) and replace them with the best interpretation. The EPA has re-examined the language of CWA section 502(12)(B) under *Loper Bright* and believes that the current regulatory definition of “discharge of a pollutant” and its related implementing regulations are broader in scope than, and inconsistent with, the statutory definition of “discharge of a pollutant.” Therefore, the EPA proposes to revise the NPDES definitions section at 40 CFR 122.2 to reflect and faithfully implement the statutory scope of what is deemed a discharge of pollutants in the contiguous zone and the ocean.

1. 40 CFR 122.2—Definition of “Discharge of a Pollutant”

The EPA is proposing to revise 40 CFR 122.2 by removing the qualifying phrase “which is being used as a means of transportation” from paragraph (b) of the regulatory definition to match the statutory text at CWA section 502(12)(B). The CWA distinguishes a “vessel or other floating craft” from other point sources in those waters. 33 U.S.C. 1362(12)(B). CWA section 502(12)(A) defines “discharge of a pollutant” as “any addition of any pollutant to navigable waters [*i.e.*, waters of the United States, including the territorial seas] from any point source,” while CWA section 502(12)(B) excludes additions of pollutants from vessels and other floating crafts from the definition if the addition of pollutant occurs in the contiguous zone or the ocean.

The EPA also proposes clarifying amendments to the applicability of the 40 CFR 122.2 exclusion for vessels or other floating craft in the contiguous zone or ocean that are *not secured* to the seabed. In doing so, the EPA retains and does not reopen its longstanding interpretation that a facility on the sea surface that is also *secured* to the seabed does not represent a “vessel or other floating craft” as used in the statutory

definition of “discharge of a pollutant,” but rather that it is a point source that may discharge pollutants. 33 U.S.C. 1362(12). This approach is consistent with CWA section 502(12)(B).

Under the proposal, the addition of pollutants from a free-floating, unsecured vessel or other floating craft in the contiguous zone or ocean is not a discharge of a pollutant and would therefore not be regulated under the NPDES permitting program. By contrast, a vessel or other floating craft securely attached to the seabed in the contiguous zone or ocean would not be considered a “vessel or other floating craft” and instead would be treated as a fixed offshore facility. These securing attachments are different, functionally and structurally, from incidental anchoring or mooring to a buoy, which nearly every vessel or floating craft may use periodically during their voyages. Fixed offshore facilities do not qualify for the statutory vessel exclusion under CWA section 502(12)(B), and as a result, the addition of pollutants from these facilities would be a discharge subject to NPDES regulations. Dumping and other activities by vessels into either the contiguous zone or the ocean may be subject to other statutory or regulatory requirements imposed by other statutes such as the Marine Protection, Research, and Sanctuaries Act (MPRSA), the Oil Pollution Control Act of 1990 (OPA), and the Vessel Incidental Discharge Act (VIDA). With this proposal, the EPA does not intend to change the scope of such requirements under those separate statutory frameworks.

The EPA is requesting comment on several key terms it presently intends to consider to inform any regulatory revision. Based on the language of the statute, the EPA seeks to determine the extent to which it can define the vessels and other floating craft subject to this revision. Consistent with its interpretation of the statutory text, the EPA is proposing “vessel and other floating craft”, as relevant here, to apply to “[a] craft . . . intended for navigation on water.” Webster’s II, New Riverside University Dictionary (1988) (emphasis added). A “floating craft” similarly represents a mode of water transportation; “craft” is defined, as relevant here, as a boat or ship, and a “ship,” in turn, is a “large vessel adapted for deep-water navigation.” *Id.* When secured to the seabed, as described in this proposed rulemaking, a vessel or other floating craft cannot reasonably be seen as engaging in navigation on water, and thus, should not be considered a “vessel or other floating craft” within the meaning of CWA section 502(12)(B). There is no

indication in the text or legislative history of the CWA that Congress intended the phrase “vessel or other floating craft” to have anything other than its ordinary meaning, which centers on whether it regularly engages in navigation on water. Thus, when a vessel or other floating craft navigates in or throughout either the contiguous zone or the ocean, regardless of its specific operational status at any particular time or its other concurrent operational capacities, it is a vessel and its addition of pollutants into the contiguous zone or the ocean are not considered discharges, and are therefore excluded from NPDES permitting requirements.

The EPA also seeks comment on the applicability and appropriateness of alternative definitions of “vessels” or “other floating craft” that would determine which “vessels or other floating craft” would not be deemed a “discharge of pollutant” in the ocean or contiguous zone. For example, the United States Coast Guard (USCG) relies on 1 U.S.C. 3 to define “vessel” as “every description of watercraft or other artificial contrivance used, or capable of being used, as a means of transportation on water.” The EPA specifically requests comment on whether the EPA should utilize the same definition of “vessel” as provided for in 1 U.S.C. 3 or if the CWA’s use of the more expansive phrase “vessel and other floating craft” encompasses a different type or category of vessel than contemplated and identified in 1 U.S.C. 3. The EPA specifically requests comment on whether the EPA should utilize the same definition of “vessel” as provided for in 1 U.S.C. 3 or if the CWA’s use of the more expansive phrase “vessel and other floating craft” encompasses a different type or category of vessel than contemplated and identified in 1 U.S.C. 3.

Unlike a vessel or other floating craft that meets the ordinary (*i.e.*, navigation-focused) meaning of that term, an offshore facility secured to the seabed in the manner described by the proposed regulation cannot be said to be navigating and thus does not appear to be a vessel. For the purposes of this regulation, a structure may not be a “vessel or other floating craft” and therefore may not be a point source in the contiguous zone or the ocean if it is secured to the seabed when it is either permanently attached to the seabed, or it is a buoyant facility substantially moored to the seabed, such that it cannot be moved without special effort through an undertaking from outside and separate from the facility, to change the location of the facility, or it is a

mobile offshore drilling unit engaged in drilling operations.³ However, the EPA seeks comment on when a structure in the contiguous zone or ocean may be subject to section 402 because it is not a “vessel or other floating craft”. The EPA seeks comment on what may differentiate a structure from being a “vessel or other floating craft” including whether it is deemed “fixed” or “secured.” The EPA also seeks comments on whether the EPA has fully identified all potential structures and “vessels and other floating craft” that may be impacted by this rulemaking.

In *Lozman v. City of Riviera Beach, Fla.*, 568 U.S. 115 (2013), the Supreme Court of the United States held that to be a vessel under 1 U.S.C. 3, a structure’s physical “characteristics and activities” need to be such that a “reasonable observer” would conclude that the structure was designed to a practical degree to carry “people or things” on the water. Rather than relying upon any single structural characteristic to reach its decision, the Court instead focused on the phrase “capable of being used as a means of transport[.]”

The text of the statutory exclusion for the addition of pollutants from a vessel or other floating craft in the contiguous zone or the ocean expressly constrains the agency’s regulatory discretion and EPA does not believe it may substantively narrow the scope of the exclusion without any statutory support. Based on commonly understood meanings of “vessel” and “floating craft,” the best reading of the CWA is that it distinguishes between a vessel that operates freely on the water surface versus a land-based facility or a facility on the water surface that is secured to the seabed to conduct its operations.

C. Implementation

Under this proposal, a vessel or floating craft operating as a mobile facility (*i.e.*, a facility that navigates on

water and is not secured to the seabed) that presently requires a permit under NPDES to add pollutants into the contiguous zone or the ocean would no longer be considered a discharger and therefore would not be subject to NPDES permitting requirements. For example, NPDES permit authorization would no longer be required for discharges into the contiguous zone or ocean from offshore seafood processor trawlers because these facilities are not secured to the seabed. By contrast, offshore facilities that are secured to the seabed to conduct their operations and add pollutants into either the contiguous zone or the ocean would remain point sources discharging pollutants subject to NPDES permitting requirements under the proposal.^{4 5}

As a general matter, the effect of this proposed regulation, if finalized, would be that the addition of pollutants into the contiguous zone or the ocean from a vessel that is not secured to the seabed would not be deemed a discharge and would not be subject to the NPDES program. This proposed regulation, if finalized, is not intended to implement any parts of the CWA other than sections 402 and 502, nor would it purport to implement any other statutes that may regulate releases or operations from any such vessels in the contiguous zone or the ocean.

D. Requests for Comment

The EPA is seeking comment on the proposed revisions to the NPDES definitions regulation and exclusion regulations at 40 CFR 122.2 and 122.3(a), respectively. The agency specifically requests input on the following:

1. Any additional impacts on facilities currently subject to the NPDES permitting requirement that are not identified in this proposal, and impacts to other potentially affected sectors that may not be captured in the cost analysis.

2. Alternative regulatory approaches or text that would reflect the best reading of the statute, or otherwise narrow or better target the scope of potentially affected categories of facilities, including suggested revisions

³ This view is consistent with the EPA’s historic understanding and rationale for applying the statutory exclusion for addition of a pollutant from a vessel or other floating craft into waters of the contiguous zone and ocean, articulated in its early regulations. As the EPA General Counsel reasoned in a General Counsel Opinion dated May 13, 1974, “[I]t appears that the [CWA] was intended to cover ocean outfalls from land, from artificial islands, and from other fixed structures . . . the phrase ‘vessels or other floating craft’ was intended to exclude those ‘vessels or other floating craft’ which are not ‘fixed.’” Applying this reasoning, mobile oil and gas rigs, whether barges, semi-submersible rigs, jack-up rigs or drilling ships are all subject to FWPCA jurisdiction under CWA section 301 when they are engaged in drilling operations since at that time they are ‘fixed.’” All such oil and gas facilities are physically “secured” to a fixed wellhead on the seabed via a riser pipe.

⁴ These facilities also include surface facilities engaged in Offshore Oil and Gas Exploration and Commercial Recovery, whether from fixed platforms, drillships, or semi-submersibles that are secured to a wellhead on the seabed via a riser pipe.

⁵ The EPA also issues NPDES permits for discharges from marine aquaculture facilities secured to the seabed of the ocean, and such facilities would not be deemed a “vessel or other floating craft,” would not qualify for exclusion from NPDES permitting requirements, and would continue to be regulated as point sources, wherever located in marine waters.

to definitions, or examples. EPA specifically requests comment on the proposed definitions, or any part of the proposed definitions, of “vessel and other floating craft” “secured,” and “buoyant facility” and how these definitions align with those used by other agencies for the same terms (e.g., USCG).

3. Whether to modify the regulation to codify statutory amendments since 1986 (see section V.A.2 of this preamble for further detail).

4. Any information on implementation considerations for this proposed approach and how they relate to determining the “best reading” of CWA section 502(12)(b).

5. Any suggestions to improve the clarity and readability of the proposed revisions.

VI. Supporting Information

A. Economic Impacts of the Proposed Rulemaking

A copy of the EPA’s cost analysis for the proposed rulemaking, titled, “Draft Economic Analysis for the Proposed Updates to the National Pollutant Discharge Elimination System Definitions and Exclusions,” is available in the docket for this action.

B. Children’s Environmental Health

This action is not subject to the EPA’s Children’s Health Policy (<https://www.epa.gov/children/childrens-health-policy-and-plan>) because the proposed regulatory revisions address the implementation of the Clean Water Act and do not concern human health.

VII. Statutory and Executive Order Reviews

Additional information about these statutes and Executive Orders can be found at <https://www.epa.gov/laws-regulations/laws-and-executive-orders>.

A. Executive Order 12866: Regulatory Planning and Review and Executive Order 13563: Improving Regulation and Regulatory Review

This action is a significant regulatory action that was submitted to the Office of Management and Budget (OMB) for review. Any changes made in response to OMB recommendations have been documented in the docket. The EPA prepared an economic analysis of the potential costs and benefits associated with this action. This analysis, “Draft Economic Analysis for the Proposed Updates to the National Pollutant Discharge Elimination System Definitions and Exclusions,” is available in the docket.

B. Executive Order 14192: Unleashing Prosperity Through Deregulation

This action is expected to be an Executive Order 14192 deregulatory action. This proposed rulemaking is expected to provide burden reduction by narrowing the scope of the regulatory text to more closely align with the statutory text in the CWA. Thus, the agency anticipates that fewer CWA permits will be required, which will result in cost savings and reduced regulatory burden.

C. Paperwork Reduction Act (PRA)

The information collection activities in this proposed rule have been submitted for approval to the Office of Management and Budget (OMB) under the PRA. The information collection burden for offshore entities currently covered by NPDES permits is accounted for under EPA’s NPDES Program Information Collection Request (OMB control no. 2040–0004, EPA ICR no. 0229.25). EPA is requesting a temporary control number (EPA ID 7830.01) to cover the information collection activities required under this rulemaking action, because of the concurrent timing of this proposed rule and the renewal of the NPDES Program ICR (OMB control no. 2040–0004). EPA will submit a request to merge the ICR for this proposed rule (EPA ID 7830.01) into the base ICR (EPA ICR no. 0229.25) at a later date. You can find a copy of the ICR in the docket for this rule, and it is briefly summarized here.

Under the proposed rule, currently permitted entities operating in the contiguous zone or ocean that are not secured to the seabed would no longer be subject to NPDES reporting and recordkeeping requirements. These requirements include completing and submitting notices of intent, notices of termination, discharge monitoring reports, noncompliance reports, annual reports, best management practices plans, analytic sampling requirements, and recordkeeping requirements. The associated information collection burden would be eliminated for those entities. In the interest of transparency and public understanding, the EPA has provided here relevant portions of the burden assessment of the proposed rule. More information about the burden assessment can be found in the supporting statement for the ICR.

- *Respondents/affected entities:* 79.
- *Respondent’s obligation to respond:* Mandatory, pursuant to sections 301, 302, 304, 306, 307, 308, 316(b), 401, 402, 403, 405, and 510 of the CWA; the 1987 Water Quality Act (WQA) revisions to CWA section 402(p); 40

(CFR) parts 122, 123, 124, and 125 (and parts 501 and 503 for Biosolids); and the Great Lakes Critical Programs Act (CPA).

- *Estimated number of respondents:* 0.

- *Frequency of response:* 0.

- *Total estimated burden:* 0 hours (per year). Burden is defined at 5 CFR 1320.3(b).

- *Total estimated cost:* \$0 (per year), includes \$0 annualized capital or operation & maintenance costs.

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. Submit your comments on the Agency’s need for this information, the accuracy of the provided burden estimates and any suggested methods for minimizing respondent burden, EPA’s plan to merge the ICR for this rulemaking action (EPA ID 7830.01) into the base ICR (0229.25), and other aspects of this collection to the EPA using the docket identified at the beginning of this proposed rule. The EPA will respond to any ICR-related comments in the final rule. You may also send your ICR-related comments to OMB’s Office of Information and Regulatory Affairs using the interface at www.reginfo.gov/public/do/PRAMain. Find this particular information collection by selecting “Currently under Review—Open for Public Comments” or by using the search function.

D. Regulatory Flexibility Act (RFA)

I certify that this action will not have a significant economic impact on a substantial number of small entities under the RFA. In making this determination, EPA concludes that the impact of concern for this rule is any significant adverse economic impact on small entities and that the agency is certifying that this rule will not have a significant economic impact on a substantial number of small entities because the rule relieves regulatory burden on the small entities subject to the rule.

Permitted offshore activities include oil and gas exploration/production, aquaculture, and seafood harvesting/processing, but the proposed rule applies only to discharges from vessels or other floating craft that are not secured to the seabed and that occur outside waters of the United States. As a result, most entities, such as ocean placer mining (exclusively in waters of the United States), offshore oil and gas production (secured via risers), and most offshore aquaculture (net pens secured), are unlikely to be affected; the primarily potentially affected operations

are offshore seafood harvesting and processing from vessels that discharge in the contiguous zone or the ocean.

Small business size for the seafood processing industry defined in 13 CFR 121.201 for the NAICS code 311710 is 750 employees. Based on the industry establishment size data, small entities account for at least 89 percent of establishments in this sector. As such, they are likely to account for 71 of the 79 permittees covered under the Region 10 offshore seafood processing general permits that will benefit from the cost savings of this proposed rulemaking. Dividing the total NPDES permit requirement cost savings (\$1,700,000) by the number of establishments (79) yields per establishment cost savings of nearly \$22,000, which does not impose a significant adverse impact. Therefore, EPA estimated that 0 out of the estimated 71 small entities are significantly impacted by this regulation. We therefore conclude that this action would relieve regulatory burden for all directly regulated small entities. For more information, see the “Draft Economic Analysis for the Proposed Updates to the National Pollutant Discharge Elimination System Definitions and Exclusions,” available in the docket for this action.

E. Unfunded Mandates Reform Act

This action does not contain an unfunded mandate of \$100 million (adjusted annually for inflation) or more (in 1995 dollars) as described in the Unfunded Mandates Reform Act of 1995 (UMRA), 2 U.S.C. 1531–1538, and does not significantly or uniquely affect small governments. This action imposes no enforceable duty on any state, local, or Tribal governments or the private sector.

F. Executive Order 13132: Federalism

This action does not have federalism implications. It will not have substantial direct effects on the states, on the relationship between the national government and the states, or on the distribution of power and responsibilities among the various levels of government.

G. Executive Order 13175: Consultation and Coordination With Indian Tribal Governments

This action does not have Tribal implications as specified in Executive Order 13175. It will neither impose substantial direct compliance costs on federally recognized Tribal government, nor preempt Tribal law. The EPA directly implements the NPDES program in Indian Country (except in Maine); therefore, in compliance with the *EPA Policy on Consultation and*

Coordination with Indian Tribes, the agency plans to consult with Tribal officials upon publication of the proposed rulemaking to provide Tribes an opportunity to provide meaningful and timely input into the development of the regulatory revisions.

H. Executive Order 13045: Protection of Children From Environmental Health and Safety Risks

The EPA interprets Executive Order 13045 as applying only to those regulatory actions that concern environmental health or safety risks that the EPA has reason to believe may disproportionately affect children, per the definition of “covered regulatory action” in section 2–202 of the Executive Order. Therefore, this action is not subject to Executive Order 13045 because it does not concern an environmental health or safety risk. Since this action does not concern human health, EPA’s Policy on Children’s Health also does not apply.

I. Executive Order 13211: Actions Concerning Regulations That Significantly Affect Energy Supply, Distribution, or Use

This action is not a “significant energy action” as defined in Executive Order 13211 (66 FR 28355, May 22, 2001) because it is not likely to have a significant adverse effect on the supply, distribution or use of energy.

J. National Technology Transfer and Advancement Act

This proposed rulemaking does not involve technical standards.

List of Subjects in 40 CFR Part 122

Environmental protection, Water pollution control.

Lee Zeldin,
Administrator.

For the reasons set forth in the preamble, EPA proposes to amend 40 CFR part 122 as follows:

PART 122—EPA ADMINISTERED PERMIT PROGRAMS: THE NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM

■ 1. The authority citation for part 122 continues to read as follows:

Authority: The Clean Water Act, 33 U.S.C. 1251 *et seq.*

■ 2. Amend § 122.2 by revising the definition of “Discharge of a pollutant” paragraph (b) to read as follows:

§ 122.2 Definitions.

* * * * *

Discharge of a pollutant means:

* * * * *

(b) Any addition of any pollutant or combination of pollutants to waters of the “contiguous zone” or the ocean from any point source other than a vessel or other floating craft. This definition includes additions of pollutants into waters of the United States from: surface runoff which is collected or channelled by man; discharges through pipes, sewers, or other conveyances owned by a State, municipality, or other person which do not lead to a treatment works; and discharges through pipes, sewers, or other conveyances, leading into privately owned treatment works. This term does not include an addition of pollutants by any “indirect discharger.” For the purposes of paragraph (b) of this definition, any point source in the contiguous zone or ocean that is secured to the seabed is not a “vessel or other floating craft.” A point source is considered “secured” when it is either permanently attached to the seabed or is a buoyant facility substantially moored to the seabed, such that it cannot be moved without special effort through an undertaking from outside and separate from the facility, to change the location of the facility, or it is a mobile offshore drilling unit engaged in drilling operations.

* * * * *

■ 3. Amend § 122.3 by revising paragraph (a) to read as follows:

§ 122.3 Exclusions.

* * * * *

(a) Any discharge of sewage from vessels, effluent from properly functioning marine engines, laundry, shower, and galley sink wastes, or any other discharge incidental to the normal operation of a vessel. This exclusion does not apply to rubbish, trash, garbage, or other such materials discharged overboard; nor to other discharges when the vessel is operating in waters of the United States, including the territorial seas, in a capacity other than as a means of transportation such as when used as an energy or mining facility, a storage facility or a seafood processing facility, or when secured to a storage facility or a seafood processing facility.

* * * * *

[FR Doc. 2026–18134 Filed 9–3–26; 8:45 am]

BILLING CODE 6560–50–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Administration for Children and Families

45 CFR Parts 211 and 1390

RIN 0970–AD48

Reducing Bureaucracy and Burden for the Repatriation of Mentally Ill Nationals

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

ACTION: Notice of proposed rulemaking.

SUMMARY: The Department of Health and Human Services, Administration for Children and Families proposes to remove the Care and Treatment of Mentally Ill Nationals of the United States, Returned from Foreign Countries regulations to streamline regulations and to renumber it under a different Part.

DATES: In order to be considered, written comments on this proposed rule must be received on or before October 5, 2026.

ADDRESSES: You may submit written comments, identified by docket number ACF–2026–0661 and/or RIN number 0970–AD48, by one of the following methods:

- *Federal eRulemaking Portal:* Go to <https://www.regulations.gov>. Follow the instructions for submitting comments.

- *Email:* Deregulation@acf.hhs.gov. Include the docket number ACF–2026–0661 and/or RIN number 0970–AD48 in the subject line of the message.

Instructions: All submissions received must include the agency name and docket number or RIN number for this rulemaking. All comments received are a part of the public record and will be posted for public viewing on www.regulations.gov, without change. Please be advised that the substance of the comments and the identity of individuals or entities submitting the comments will be subject to public disclosure. The docket on <https://www.regulations.gov> will include a plain language summary of the notice of proposed rulemaking (NPRM).

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.

SUPPLEMENTARY INFORMATION:

I. Statutory Authority

This proposed regulation 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).

II. Background

45 CFR part 211, “Care and Treatment of Mentally Ill Nationals of the United States, Returned from Foreign Counties” is a comprehensive regulatory framework established under 74 Stat. 308–310, 42 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. This Part was significantly reduced by 91 FR 36542, published on June 17, 2026.

III. Executive Summary

This NPRM proposes to remove the remaining sections of Part 211 and combine them into a newly created Part 1390 promulgated under the same title. This action would accomplish two tasks. First, it would consolidate the language that is currently found in §§ 211.3 and 211.6, which no longer reads cleanly following the removal of the other sections of the Part following the publication of 91 FR 36542. This consolidation will restate the language found in these two sections into a more readable and understandable manner than the current half-century old text.

Secondly, the current Part 211 exists under Chapter II of Title 45, which is called “Office of Family Assistance (Assistance Programs), Administration for Children and Families, Department of Health and Human Services.” The program office that implements the regulations under current Part 211 is not the Office of Family Assistance (OFA) but rather the Office of Human Services Emergency Preparedness and Response (OHSEPR). This redesignation from Part 211 to Part 1390 would allow that to be more clearly displayed to the public.

Severability

The provisions of this NPRM, if finalized, 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 contained herein are central to an overall intent of the proposed rule, nor are any provisions dependent on the validity of other, separate provisions.

IV. Discussion of Proposed Changes

Part 211 discusses the procedures and protections made for the care and treatment of mentally ill American nationals returned from foreign countries. This Part was heavily restructured and reduced in 2026 following ACF’s intentional effort to remove duplicative and obsolete regulations. See 91 FR 36542. The initial rulemaking related to this Part resulted in the removal of 13 of the 15 sections that were initially promulgated under Part 211. While the removal of those 13 sections allowed for more clarity as to what non-duplicative requirements were in place, it did cause the remaining regulations to appear disjointed. This NPRM proposes to address this by removing and consolidating the remaining two sections into one concise, streamlined section while not changing any of the operational practice or protections for mentally ill American nationals.

Furthermore, this NPRM proposes to move the regulations into the newly proposed designation of Part 1390 Subchapter J of Chapter XIII—Administration for Children and Families, Department of Health and Human Services. This allows the public to clearly see that the regulations pertaining to the care and treatment of mentally ill nationals returned from foreign countries are overseen by OHSEPR instead of OFA.

V. 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 NPRM 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 proposed 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 NPRM would not pre-empt State law. The changes proposed in the NPRM 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 believes it is not necessary to prepare a family policymaking assessment because the actions proposed in this NPRM will not have any impact on the autonomy or integrity of the family as an institution.

VI. Regulatory Impact Analysis

We have examined the impacts of the proposed 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. 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 proposed rule is a significant action under Executive Order 12866 Section 3(f).

The Regulatory Flexibility Act (RFA) requires agencies to consider the impact of their regulatory proposals on small entities. Because this action would simply repeal obsolete and unnecessary language, we propose to certify that the proposed 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 proposed rule would not result in an expenditure in any year that meets or exceeds this amount.

VII. 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.

List of Subjects

45 CFR Part 211

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

45 CFR Part 1390

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

For the reasons set forth in the preamble, ACF proposes to remove 45 CFR part 211 and add 45 CFR subchapter J as follows:

PART 211—[REMOVED AND RESERVED]

- 1. Under the authority Secs. 1–11, 74 Stat. 308–310; 24 U.S.C. 321–329, remove and reserve part 211.

Subchapter J—Office of Human Services Emergency Preparedness and Response

PART 1390—CARE AND TREATMENT OF MENTALLY ILL NATIONALS OF THE UNITED STATES, RETURNED FROM FOREIGN COUNTRIES

Sec.

1301.1 General.

- 2. The authority citation for part 1390 is proposed to read as follows:

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

§ 1390.1 General.

(a) Required certificates. To establish eligibility, the following certificates are required:

(1) Nationality certificate. A certificate issued by an authorized Department of State official stating that the individual is a United States national.

(2) Mental condition certificate.

Either:

(i) A certificate obtained or transmitted by an authorized Department of State official stating that the individual has been legally adjudged insane in a specified foreign country; or

(ii) A certificate from an appropriate authority or person stating that the individual was in a specified foreign country and required mental hospital care and treatment. When available, the certificate shall include relevant medical and other information.

(b) Appropriate authority or person. For paragraph (a)(2)(ii), an appropriate authority or person is a qualified mental health professional. If none are available, an authorized Department of State official may serve in that capacity and shall state the unavailability of a qualified mental health professional.

(c) Reception and temporary assistance. Upon arrival at the port of entry, the agency shall meet the individual, arrange an appropriate medical examination, and plan needed temporary care and treatment with the individual, legal guardian, or other interested persons.

(d) Temporary care, treatment, and assistance. The agency shall provide temporary care, treatment, and assistance reasonably necessary for the individual’s health and welfare,

including hospitalization, medical and remedial care, attendants, food, lodging, money, transportation, and other goods or services. Pending other arrangements,

the agency shall use the nearest suitable hospital or another suitable hospital for

hospitalization, medical care, and diagnostic services.

Robert F. Kennedy, Jr.,
Secretary, Department of Health and Human Services.

[FR Doc. 2026–18167 Filed 9–3–26; 8:45 am]

BILLING CODE 4184–PL–P

Notices

Federal Register

Vol. 91, No. 171

Friday, September 4, 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.

DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service

[Doc. No. AMS-CN-26-0166]

Cotton Research and Promotion Program: Request for Comments To Be Used in a Review of 1990 Amendments to the Cotton Research and Promotion Act

AGENCY: Agricultural Marketing Service, Department of Agriculture (USDA).

ACTION: Notice and request for comments.

SUMMARY: As provided for by the Cotton Research and Promotion Act Amendments of 1990, the Agricultural Marketing Service (AMS) is announcing its intention to conduct a review to ascertain whether a referendum is needed to determine whether producers and importers favor continuation of five specific amendments to the Cotton Research and Promotion Order (Order). This notice invites all interested parties to submit written comments to the Department of Agriculture (USDA or Department). USDA will consider these comments in determining whether a referendum is warranted on the five specific amendments.

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

ADDRESSES: Interested persons are invited to submit comments by using the electronic process available at <https://www.regulations.gov> or by sending them to the Cotton Research and Promotion, Cotton and Tobacco Program, AMS, USDA, 3275 Appling Road, Memphis, TN 38133. All comments should reference the document number (AMS-CN-26-0166), the date, and the page number of this issue of the **Federal Register**. All comments received will be posted without change, including any personal information provided, at <https://www.regulations.gov> and will be

included in the record and made available to the public. Please do not include personally identifiable information (such as name, address, or other contact information) or confidential business information that you do not want publicly disclosed. Comments may be submitted anonymously.

FOR FURTHER INFORMATION CONTACT: Sue Coleman, Branch Chief, Research and Promotion, Cotton and Tobacco Program, AMS, USDA, 3275 Appling Road, Memphis, Tennessee 38133; telephone (901) 384-3000; facsimile (901) 384-3033; or email at CottonRP@usda.gov.

SUPPLEMENTARY INFORMATION: The Cotton Research and Promotion Act of 1966 (7 U.S.C. 2101-2118) authorized a national industry-funded Cotton Research and Promotion Program that the Department oversees. The program's objective is to enable an effective and continuous coordinated program of research and promotion designed to strengthen cotton's competitive position and to maintain and expand markets and uses for cotton.

The program became effective on December 31, 1966, when the Cotton Research and Promotion Order (7 CFR part 1205) was issued. Assessments began with the 1967 cotton crop. The Order was amended and a supplemental assessment initiated, effective January 26, 1977.

The program is currently financed through assessments levied on domestic and imported cotton and cotton-containing products. Assessments under this program are used to fund advertising and sales promotion projects, as well as research and development projects and studies.

The Cotton Board, which has 37 members, 37 alternate members and three advisors, administers the program. Selected by the Secretary after nomination from eligible producer and importer organizations, the Cotton Board is composed of representatives of cotton producers and cotton importers, each of whom has an alternate. All members and their alternates serve terms of 3 years. The Cotton Board's administrative responsibilities include collecting funds; contracting with an organization for the development and implementation of programs of research and promotion; reviewing and making recommendations to the Secretary of

Agriculture on proposed programs and budgets; and making funds available for such programs with the Secretary's approval. The Act prohibits the Cotton Board from participating in any matters influencing governmental policies or action except making recommendations for amendments to the Order.

Congress amended the Act in subtitle G of title XIX of the Food, Agriculture, Conservation, and Trade Act of 1990 (Pub. L. 101-624, 104 Stat. 3909, November 28, 1990). The five amendments provided for: (1) importer representation on the Cotton Board; (2) the assessment of imported cotton and cotton products; (3) increasing the amount the Secretary of Agriculture can be reimbursed for conduct of a referendum from \$200,000 to \$300,000; (4) reimbursing government agencies who assist in administering the collection of assessments on imported cotton and cotton products; and (5) terminating the right of a producer to demand a refund of assessments. In a referendum conducted July 17-26, 1991, a majority (60 percent) of importers and producers approved the amendments of 1990, as the Act required. Results of this referendum were announced in a nationally distributed press release dated August 2, 1991. The amendments to the Order were promulgated in final rules published in the **Federal Register** at 56 FR 64470 on December 10, 1991—with a minor correction at 56 FR 66670 on December 24, 1991.

Every 5 years after the July 1991 referendum, the Cotton Research and Promotion Act Amendment of 1990, section 8(c)(1), requires that the Secretary of Agriculture conduct a review to ascertain whether a referendum is needed to determine whether producers and importers favor continuation of the 1990 amendments. If a referendum is held, producers and importers would vote on the continuation of the five specific amendments to the Order provided for in the Cotton Research and Promotion Act Amendments of 1990.

The results of the most recent review report of the Cotton Research and Promotion Program was issued on December 18, 2020, and the Department found no compelling reason to conduct a referendum (85 FR 82426). But, consistent with section 8(c)(2) of the Act, the Department provided notice of the opportunity for all eligible persons

to request a continuance referendum on the 1991 amendments by making such a request during a sign-up period. During the period of June 21, 2021, through July 2, 2021, and October 18, 2021, through October 29, 2021, the Department conducted a sign-up period for all eligible persons to request a continuance referendum on the 1990 Act amendments. The results from the sign-up period (86 FR 72203) did not meet the statutory criteria for a referendum. Therefore, the Department did not conduct a referendum.

In 2026, the Secretary of Agriculture will conduct its review of the Cotton Research and Promotion Program Act amendments to ascertain whether a referendum is needed to determine whether producers and importers support continuation of the five specific amendments to the Order, as provided for by the 1990 Act amendments. The Secretary of Agriculture will make a public announcement of the results of the review. Pursuant to the Act, if the Secretary of Agriculture determines that a referendum is needed, the Secretary of Agriculture will conduct the referendum within 12 months after a public announcement of the determination to conduct the referendum.

If the Secretary determines that a referendum is not warranted, a sign-up period to request such a referendum will be made available to cotton producers and importers. A referendum will be held if requested by 10 percent or more of those voting in the most recent referendum as long as not more than 20 percent are from any one State or importers of cotton. This sign-up period will be announced in the **Federal Register**.

A 60-day comment period is provided for interested persons to provide comments to be used by the Department in its review. All interested persons are invited to submit written comments on the following five specific amendments:

- (1) Importer representation on the Cotton Board;
- (2) The assessment of imported cotton and cotton products;
- (3) Increasing the amount the Secretary of Agriculture can be reimbursed for conduct of a referendum from \$200,000 to \$300,000;
- (4) Reimbursing government agencies who assist in administering the collection of assessments on imported cotton and cotton products; and
- (5) Terminating the right of a producer to demand a refund of assessments.

Authority: 7 U.S.C. 2101–2118.

Melissa Bailey,

Associate Administrator, Agricultural Marketing Service.

[FR Doc. 2026–18128 Filed 9–3–26; 8:45 am]

BILLING CODE 3410–02–P

DEPARTMENT OF AGRICULTURE

Food and Nutrition Administration

Agency Information Collection Activities: WIC and Senior Farmers' Market Nutrition Programs—Reporting and Recordkeeping Burden

AGENCY: Food and Nutrition Administration (FNA), USDA.

ACTION: Notice.

SUMMARY: In accordance with the Paperwork Reduction Act of 1995, this notice invites the general public and other public agencies to comment on proposed revisions to the currently approved reporting and recordkeeping information collection burdens associated with the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) Farmers' Market Nutrition Program (FMNP). This notice also proposes merging the currently approved Senior Farmers' Market Nutrition Program (SFMNP) information collection request (ICR) into the WIC FMNP ICR to more accurately reflect program operations and reduce administrative inefficiencies at FNA.

DATES: Written comments must be received on or before November 3, 2026.

ADDRESSES: The Food and Nutrition Administration, USDA, invites interested persons to submit written comment.

■ **Preferred Method:** Federal eRulemaking Portal. Go to <http://www.regulations.gov> and follow the online instructions for submitting comments electronically.

■ **Mail:** Allison Post, Food and Nutrition Administration, U.S. Department of Agriculture, 201 14th Street SW, Washington, DC 20227.

■ **Email:** Send email to allison.post@usda.gov.

All responses to this notice will be summarized and included in the request for Office of Management and Budget (OMB) approval. All comments will be a matter of public record.

FOR FURTHER INFORMATION CONTACT: Requests for additional information or copies of this information collection should be directed to Allison Post at allison.post@usda.gov or 703–457–7708.

SUPPLEMENTARY INFORMATION: Comments are invited on: (a) Whether the proposed

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 proposed collection of information, including the validity of the methodology and assumptions that were used; (c) ways to enhance the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on those who are to respond, including use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology.

Title: WIC and Senior Farmers' Market Nutrition Programs—Reporting and Recordkeeping Burden.

Form Numbers: FNA 683A and FNA 683B (under OMB Control Number 0584–0594, expiration date: 9/30/2026) are associated with this collection.

OMB Number: 0584–0447.

Expiration Date: August 31, 2027.

Type of Request: Revision of a currently approved collection.

Abstract: With this revision to the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) Farmers' Market Nutrition Program (FMNP) information collection request (ICR), FNA proposes to: (1) update the currently approved WIC FMNP burden estimates to reflect current program operations and data, and (2) merge the WIC FMNP burden estimates with the Senior Farmers' Market Nutrition Program (SFMNP) information collection activities currently approved under OMB Control Number 0584–0541. Upon this request's approval, FNA will maintain the WIC FMNP and SFMNP information collection activities under a single ICR, retaining OMB Control Number 0584–0447 and discontinuing OMB Control Number 0584–0541. The following sections describe the updates to the WIC FMNP estimates, rationale for merging the two ICRs, and the resulting combined burden estimates.

I. WIC FMNP Information Collection Activities

The WIC Farmers' Market Nutrition Program (FMNP) is associated with the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). WIC provides supplemental foods, health care referrals, and nutrition education at no cost to low-income pregnant, breastfeeding, and non-breastfeeding postpartum participants, infants, and children up to five years of age at

nutritional risk. The purpose of WIC FMNP is to provide fresh, nutritious, unprepared, locally grown fruits and vegetables through farmers' markets and roadside stands to WIC participants, and to expand awareness and use of, and sales at, farmers' markets and roadside stands. FNA provides State agencies (including geographic States, Indian Tribal Organizations (ITOs) and U.S. territories) Federal grants to administer the program.

WIC FMNP statute (42 U.S.C. 1786(m)(8)) and regulations (7 CFR part 248) require the collection of certain program-related information from State and local agencies, participants, and farmers, farmers' markets, and roadside stands, and require that State agencies maintain full and complete records concerning program operations. These reporting and recordkeeping requirements are necessary to ensure appropriate and efficient management of the program. The burden activities that are covered by this ICR include requirements that involve the authorization and monitoring of local agencies; the certification of participants; the nutrition education that is provided to participants; farmer, farmers' market, and roadside stand authorization, training, monitoring, and management; and financial and participation data.

State Plans are the principal source of information about how each State agency operates WIC FMNP. State agencies enter and submit State Plan information to FNA through the Waivers and State Plans (WiSP) application. With the recent adoption of the WiSP application, the reporting and recordkeeping burdens associated with State agencies inputting and storing State Plan information that were previously covered in this ICR are now included in the WiSP ICR (OMB Control Number 0584–0704, expiration date: 12/31/2028). FNA expects that, beyond the burdens covered in the WiSP ICR, State agencies will spend additional time collecting information from local agencies and authorized outlets in preparation for their State Plan

submissions, and therefore this ICR retains some State Plan-related reporting burden.

Information from participants and local agencies is collected through State agency-developed forms or Management Information Systems. FNA uses the collected information to manage, plan, evaluate, make decisions and report on WIC FMNP operations. Additionally, State agencies provide financial and participation data to FNA using the WIC FMNP Annual Financial and Program Data Report (FNA 683B). This form and its associated reporting burdens are approved under OMB Control Number 0584–0594, Food Programs Reporting System (FPRS) (expiration date: 9/30/2026). The recordkeeping burden associated with form FNA 683B is not approved under OMB Control Number 0584–0594. State agencies must maintain records in order to support data reported in FPRS, and the burden for such record maintenance is captured in this ICR, OMB Control Number 0584–0447.

II. Updated WIC FMNP Burden Estimates

With this ICR submission, FNA is requesting to update the currently approved WIC FMNP burden estimates to reflect program changes and adjustments since the last submission. Program changes include moving State Plans into the WiSP application and corrections to better capture existing program requirements. Program adjustments account for decreases in the number of participants, the number of authorized outlets (farmers, farmers' markets, and roadside stands), the number of State agencies, and the number of local agencies.

The currently approved burden for the WIC FMNP collection is 1,175,964 hours. FNA estimates that incorporating the program changes and adjustments described above will decrease the total burden hours by 457,589 hours, to 718,375 total burden hours. The currently approved number of responses for the WIC FMNP collection is 4,149,393 total annual responses. With this revision, FNA estimates the annual

responses will decrease by 1,041,504 responses, to 3,107,889 total annual responses. Table 1 shows the updated estimated burdens for WIC FMNP only.

Affected Public: Individuals/ Households, Business or Other for Profit; Not for Profit; State, Local, and Tribal Government. Respondent groups identified include: (1) WIC FMNP participants who are women, infants, and children participating in WIC; (2) WIC FMNP authorized outlets which are farmers, farmers' markets, and roadside stands; (3) non-profit businesses operating as local agencies; and (4) local and State agencies (including geographic States, U.S. Territories, and Indian Tribal Organizations (ITOs)) administering WIC FMNP.

Estimated Number of Respondents: The total estimated number of respondents is 1,022,092. This includes 49 WIC FMNP State agencies, 1,028 WIC FMNP local agencies (70 percent of which are operated by government entities and 30 percent of which are operated by non-profit businesses), 1,004,904 WIC FMNP individuals/ households (*i.e.*, participants), and 16,111 authorized WIC FMNP outlets (farmers, farmers' markets, and roadside stands).

Estimated Number of Responses per Respondent: The total estimated number of responses per respondent is 3.04.

Estimated Total Annual Responses: 3,107,889. The estimated total for reporting is 2,100,468 while the estimated total for recordkeeping is 1,007,421.

Estimated Time per Response: The estimated time per response averages approximately 14 minutes (0.23 hours) for all respondents. For the reporting burden, the estimated time per response varies from 5 minutes to 40 hours, while the estimated time per response for the recordkeeping burden varies from 1 minute to 40 hours, depending on the requirement.

Estimated Total Annual Burden on Respondents: 718,375 hours. The estimated total reporting burden is 698,113 hours while the estimated total recordkeeping burden is 20,262 hours.

TABLE 1—UPDATED WIC FMNP BURDEN ESTIMATES

Information collection activities	Type of respondents	Number of respondents	Responses per respondent	Total annual responses	Hours per response	Total annual burden hours	Change from previous submission (hours)
Reporting	State & Local Agencies	796	1,321.00	1,015,323	0.26	263,279	– 84,315
Reporting	Individuals/Households	1,004,904	1.00	1,004,904	0.25	251,226	184,556
Reporting	Authorized Outlets & Non-Profit Businesses.	16,265	4.93	80,240	2.29	183,608	– 241,634
Reporting Subtotal .....	.....	1,022,092	2.06	2,100,468	0.33	698,113	– 141,394
Recordkeeping	State Agencies	49	20,559.61	1,007,421	0.02	20,262	– 316,195

TABLE 1—UPDATED WIC FMNP BURDEN ESTIMATES—Continued

Information collection activities	Type of respondents	Number of respondents	Responses per respondent	Total annual responses	Hours per response	Total annual burden hours	Change from previous submission (hours)
Grand Total: Reporting & Recordkeeping.		1,022,092	3.04	3,107,889	0.23	718,375	– 457,589

Note: Figures may not sum due to rounding.

III. Incorporating Consolidated WIC FMNP and SFMNP Activities Into the ICR

With this revision, FNA is also requesting to merge the Senior Farmers' Market Nutrition Program (SFMNP) information collection activities with the WIC FMNP information collection activities under a single OMB Control Number: 0584–0447. The information collection activities associated with SFMNP reporting and recordkeeping requirements are currently approved under OMB Control Number 0584–0541 (expiration date: 7/31/2029). For an overview of the most recent renewal of the SFMNP information collection activities, see the **Federal Register** Notice: “Agency Information Collection Activities: Senior Farmers' Market Nutrition Programs—Reporting and Recordkeeping Burden,” published on March 30, 2026 (91 FR 15591).

WIC FMNP and SFMNP have near-identical program requirements, but target different populations, and are often administered by the same State agency as a “consolidated” program. State agencies administering consolidated programs may accept a single application from a farmer, farmers' market, or roadside stand, for participation in both programs. Additionally, consolidated State

agencies may combine farmer, farmers' market, and roadside stand monitoring and evaluation efforts, and may use the same coupon or electronic benefit management system for both programs allowing for combined maintenance and recordkeeping efforts. The two separate ICRs do not currently account for the efficiencies that State agencies gain from administering consolidated programs. Using a single ICR will allow FNA to better capture these efficiencies and remove any duplication across ICRs. Table 2 shows the number of State agencies that administer WIC FMNP only, SFMNP only, and consolidated programs.

TABLE 2—NUMBER OF STATE AGENCIES BY PROGRAM (FISCAL YEAR 2026)

Program(s) administered	Number of state agencies
Only WIC FMNP	17
Only SFMNP	24
Consolidated WIC FMNP & SFMNP	32
Total WIC FMNP	49
Total SFMNP	56
Total WIC FMNP & SFMNP	105

FNA is not proposing to make changes to either program, nor to combine WIC FMNP and SFMNP into a single program. This revision to OMB Control Number 0584–0447 only combines FNA's accounting of the administrative burdens that WIC FMNP and SFMNP place on the public into a single ICR. Doing so will allow FNA to more accurately and clearly capture the two programs' information collection burdens, avoid any duplication of reporting and recordkeeping burdens across the two ICRs, and place both programs on the same cycle of ICR renewal. FNA intends to request to discontinue OMB Control Number 0584–0541 once OMB approves this revision to OMB Control Number 0584–0447.

Table 3 presents the combined currently approved burden estimates for both programs. The combined currently approved burden for the WIC FMNP and SFMNP collections is 2,000,374 hours (1,175,964 hours for WIC FMNP and 824,410 hours for SFMNP). The combined currently approved number of responses for the WIC FMNP and SFMNP collections is 6,831,465 total annual responses (4,149,393 responses for WIC FMNP and 2,682,072 responses for SFMNP).

TABLE 3—CURRENTLY APPROVED WIC FMNP AND SFMNP BURDEN ESTIMATES

Information collection activities	Type of respondents	WIC FMNP annual responses	SFMNP annual responses	Combined annual responses	WIC FMNP annual burden hours	SFMNP annual burden hours	Combined annual burden hours
Reporting	State & Local Agencies	1,346,179	866,996	2,213,175	347,594	223,246	570,840
Reporting	Individuals/Households	1,330,746	839,323	2,170,069	66,670	210,562	277,233
Reporting	Authorized Outlets & Non-Profit Businesses.	138,805	134,495	273,300	425,243	372,619	797,862
Reporting Subtotal .....	.....	2,815,731	1,840,814	4,656,545	839,507	806,427	1,645,934
Recordkeeping	State Agencies	1,333,663	841,258	2,174,920	336,457	17,983	354,439
Grand Total: Reporting & Recordkeeping.	.....	4,149,393	2,682,072	6,831,465	1,175,964	824,410	2,000,374

Notes: Figures may not sum due to rounding. WIC FMNP burden estimates are currently approved under OMB Control Number 0584–0447, expiration date: 8/31/2027. SFMNP burden estimates are currently approved under OMB Control Number 0584–0541, expiration date: 7/31/2029.

IV. Merged WIC FMNP and SFMNP Burden Estimates

As described above, respondents only need to complete some information collection activities a single time for consolidated WIC FMNP and SFMNP

programs, rather than once per program. By merging the WIC FMNP and SFMNP information collection activities into a single ICR, these efficiencies can be captured more accurately. FNA estimates that combining both programs'

information collection activities into a single ICR would eliminate 25,844 redundant burden hours from the combined currently approved burden of 2,000,374 hours.

The decrease to burden estimates from more accurately reporting

consolidated program operations, combined with the updates to the WIC FMNP burden estimates shown in Table 1 (a decrease of 457,589 hours) would result in a total decrease of 483,433 hours across both programs, from 2,000,374 hours to 1,516,941 total burden hours. The currently approved WIC FMNP and SFMNP ICRs have a combined total of 6,831,465 responses. The WIC FMNP updates and more accurate reporting of consolidated program operations would result in an estimated decrease of 1,061,778 responses, to 5,769,687 total annual responses across both programs. Table 4 shows the updated WIC FMNP burden estimates merged with the currently approved SFMNP burden estimates, accounting for consolidated program operations in 32 State agencies. Future renewals of OMB Control Number 0584-0447 will include updates to both programs in a single table, like Table 4.

Affected Public: Individuals/ Households, Business or Other for

Profit; Not for Profit; State, Local, and Tribal Government. Respondent groups identified include: (1) WIC FMNP and SFMNP participants; (2) WIC FMNP and SFMNP authorized outlets which are farmers, farmers' markets, roadside stands, and community supported agriculture (CSA) programs (SFMNP only); (3) non-profit businesses operating as local agencies; and (4) local and State agencies (including geographic States, U.S. Territories, and ITOs) administering WIC FMNP and SFMNP.

Estimated Number of Respondents: The total estimated number of respondents is 1,880,662. This includes 105 WIC FMNP and SFMNP State agencies, 2,141 WIC FMNP and SFMNP local agencies (70 percent of which are operated by government entities and 30 percent of which are operated by non-profit businesses), 1,843,314 WIC FMNP and SFMNP individuals/households (*i.e.*, participants), and 35,102 authorized WIC FMNP and SFMNP

outlets (farmers, farmers' markets, roadside stands, CSA programs).

Estimated Number of Responses per Respondent: The total estimated number of responses per respondent is 3.07.

Estimated Total Annual Responses: 5,769,687. The estimated total for reporting is 3,922,133 while the estimated total for recordkeeping is 1,847,554.

Estimated Time per Response: The estimated time per response averages approximately 16 minutes (0.26 hours) for all respondents. For the reporting burden, the estimated time per response varies from 5 minutes to 40 hours, while the estimated time per response for the recordkeeping burden varies from 1 minute to 40 hours, depending on the requirement.

Estimated Total Annual Burden on Respondents: 1,516,941 hours. The estimated total reporting burden is 1,479,352 hours while the estimated total recordkeeping burden is 37,589 hours.

TABLE 4—MERGED WIC FMNP AND SFMNP INFORMATION COLLECTION ACTIVITIES

Information collection activities	Type of respondents	Number of respondents	Responses per respondent	Total annual responses	Hours per response	Total annual burden hours	Change from combined approved hours
Reporting	State & Local Agencies	1,604	1,170.55	1,877,212	0.26	482,692	– 88,148
Reporting	Individuals/Households	1,843,314	1.00	1,844,227	0.25	461,788	184,556
Reporting	Authorized Outlets & Non-Profit Businesses.	35,744	5.61	200,694	2.67	534,872	– 262,990
Reporting Subtotal .....	.....	1,880,662	2.09	3,922,133	0.38	1,479,352	– 166,582
Recordkeeping	State Agencies	105	17,595.75	1,847,554	0.02	37,589	– 316,851
Grand Total: Reporting & Recordkeeping.	.....	1,880,662	3.07	5,769,687	0.26	1,516,941	– 483,433

Note: Figures may not sum due to rounding.

Shiela Corley,

Acting Administrator, Food and Nutrition Administration.

[FR Doc. 2026-18171 Filed 9-3-26; 8:45 am]

BILLING CODE 3410-30-P

DEPARTMENT OF AGRICULTURE

Rural Business Cooperative Service

Rural Housing Service

Rural Utilities Service

[Docket No. RBS-26-BUSINESS-0430]

Notice of Request for Revision of a Currently Approved Information Collection: OMB No. 0570-0069 Rural Development Loan Modernization Initiative

AGENCY: Rural Business-Cooperative Service, Rural Housing Service, Rural Utilities Service, USDA.

ACTION: Notice and request for comments.

SUMMARY: In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. Chapter 35), this notice announces the Rural Business-Cooperative Service, Rural Housing Service, and Rural Utilities Service intention to request a revision to a currently approved information collection for the “Rural Development (RD) Loan Modernization Initiative.” **DATES:** Comments on this notice must be received by November 3, 2026 to be assured of consideration.

FOR FURTHER INFORMATION CONTACT: Lauren Cusick, RD Innovation Center—Regulations Management Division, U.S. Department of Agriculture, 1400 Independence Avenue SW, Washington, DC 20250, Telephone: 202-720-1414, email: Lauren.Cusick@usda.gov.

SUPPLEMENTARY INFORMATION: The OMB regulation (5 CFR part 1320)

implementing provisions of the Paperwork Reduction Act of 1995 (Pub. L. 104-13) requires that interested members of the public and affected agencies have an opportunity to comment on information collection and recordkeeping activities (see 5 CFR 1320.8(d)). This notice identifies an information collection that the Agency is submitting to OMB for extension.

Comments are invited on (a) 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; (b) 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) ways to enhance the quality, utility and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on those who are to respond, including

through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology.

Comments may be submitted electronically by the Federal eRulemaking Portal, <https://www.regulations.gov/>. In the "Search for dockets and documents on agency actions" box enter the Docket No. RBS-26-BUSINESS-0430 and click the "Search" button. From the search results, click on or locate the document title: "Notice of Revision of a Currently Approved Information Collection" and select the "Comment" button. Before inputting comments, commenters may review the "Commenter's Checklist" (optional). To submit a comment: Insert comments under the "Comment" title, click "Browse" to attach files (if available), input email address, select box to opt to receive email confirmation of submission and tracking (optional), select the box "I'm not a robot," and then select "Submit Comment." Information on using *Regulations.gov*, including instructions for accessing documents, submitting comments, and viewing the docket after the close of the comment period, is available through the site's "FAQ" link. All comments will be available for public inspection online at the Federal eRulemaking Portal (www.regulations.gov).

A federal agency may not conduct or sponsor, and a person is not required to respond to, nor shall a person be subject to a penalty for failure to comply with a collection of information subject to the requirements of the Paperwork Reduction Act unless that collection of information displays a currently valid OMB Control Number. Data furnished by the applicants will be used to determine eligibility for program benefits. Furnishing the data is voluntary; however, failure to provide data could result in program benefits being withheld or denied.

Title: Rural Development Loan Modernization Initiative.

OMB Number: 0570-NEW.

Expiration Date of Approval: 3 Years from Approval.

Type of Request: New information collection.

Abstract: In accordance with USDA, Rural Development (RD) (made up of Rural Business-Cooperative Service, Rural Housing Service, and Rural Utilities Service) is launching the transformation of its loan and grant systems that support farmers, ranchers, and rural communities into one modern platform built for the 21st century. With a single customer file, step-by-step intake and eligibility tools, and online

payments, this modern platform will manage all current active files in one place, enabling employees to deliver faster service to customers and lending partners.

To further improve customer experience and service delivery for applicants, RD is developing an Online Loan Application for the applicants to submit requests for Direct Loan assistance electronically. Future releases and iterations of the online application software will include expansion of functionality for direct loans, guarantees, and grant making and provide the ability for primary loan servicing application submission.

The use of hard copy applications will continue to be covered in the individual program information collections. However, RD will expect to further decrease the burden hours under individual OMB Control numbers as the functionally and use of the online application software expands, and more applicants shift away from using the hard copy application format.

Initial release of the online application system will be available for RBCS Business and Industry Guaranteed Loan Program and then RHS Community Facilities programs and RUS Water and Environmental Programs.

Estimate of Burden: Public reporting burden for this collection of information is estimated to average 1.06 hours per response.

Respondents: individuals, State/Tribal/Local, non-/for-profit entities.

Estimated Number of Respondents: 2,800.

Estimated Number of Responses: 18,563.

Estimated Number of Responses per Respondent: 6.6.

Estimated Total Annual Burden on Respondents: 19,842.

Copies of this information collection can be obtained from Kimble Brown, RD Innovation Center—Regulations Management Division, Telephone: 202-720-6780, email: Kimble.Brown@usda.gov.

All responses to this notice will be summarized and included in the request for OMB approval. All comments will also become a matter of public record.

Victoria Collin,

Acting Administrator, Rural Business Cooperative Service.

[FR Doc. 2026-18173 Filed 9-3-26; 8:45 am]

BILLING CODE 3410-XY-P

APPRAISAL SUBCOMMITTEE OF THE FEDERAL FINANCIAL INSTITUTIONS EXAMINATION COUNCIL

[Docket No. AS26-06]

Appraisal Subcommittee Notice of Meeting

AGENCY: Appraisal Subcommittee of the Federal Financial Institutions Examination Council.

ACTION: Notice of public meeting.

Description: In accordance with section 1104(b) of title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (title XI), codified at 12 U.S.C. 3333(b), and the Appraisal Subcommittee (ASC) Rules of Operation, notice is hereby given that the ASC is meeting for a Quarterly Public Meeting on June 18, 2026.

Location: This will be a virtual meeting via Webex. Please visit the agency's homepage (www.asc.gov) and access the registration link provided in the News and Events section. You MUST register in advance to attend this Meeting.

Date: September 16, 2026.

Time: 11:00 a.m. ET.

Status: Open.

Action and Discussion Item

- Approval of Minutes
 - June 18, 2026 Quarterly Meeting Minutes

Reports

Chair
Acting Executive Director
Delegated State Compliance Reviews
Grants
Finance
Notation Votes

Discussion and Action Items

- FY27 Budget
- FY27 State Appraiser Regulatory Agencies (SARAS) NOFA

How to Attend and Observe an ASC Meeting:

The meeting will be open to the public via live webcast only. Visit the agency's homepage (www.asc.gov) and access the registration link provided in the News and Events section. The meeting space is intended to accommodate public attendees. However, if the space will not accommodate all requests, the ASC may refuse attendance on that reasonable basis. The use of any video or audio tape recording device, photographing device, or any other electronic or

mechanical device designed for similar purposes is prohibited at ASC Meetings.

Ada Bohorfoush,
Attorney-Advisor.

[FR Doc. 2026-18159 Filed 9-3-26; 8:45 am]

BILLING CODE 6700-01-P

DEPARTMENT OF COMMERCE

Census Bureau

[Docket Number: 260820-0005; RTID 0607-XC085]

Current Mandatory Business Surveys

AGENCY: Census Bureau, Department of Commerce.

ACTION: Notice of determination.

SUMMARY: The Bureau of the Census (Census Bureau) will conduct the following current three mandatory business surveys in 2026: (1) Annual Integrated Economic Survey; (2) Annual Business Survey; and (3) Business and Professional Classification Report. We have determined that data collected from these surveys are needed to aid the efficient performance of essential governmental functions and have significant application to the needs of the public and industry. The data derived from these surveys, most of which have been conducted for many years, are not publicly available from nongovernmental or other governmental sources.

DATES: The Annual Integrated Economic Survey is typically mailed starting in March each year. The Annual Business Survey is typically mailed starting in July each year. The Business and Professional Classification Report is typically mailed out at the beginning of each calendar quarter.

ADDRESSES: The Census Bureau will make available the reporting instructions to the organizations included in the surveys. Respondent information for the Annual Integrated Economic Survey can be found at: <https://www.census.gov/programs-surveys/aies/information.html>. Respondent information for the Annual Business Survey can be found at: <https://www.census.gov/programs-surveys/abs/information.html>. Respondent information for the Business and Professional Classification Report can be found at: <https://www.census.gov/programs-surveys/sq-class/information.html>. Additional copies are available upon written request to the Director, 4600 Silver Hill Road, U.S. Census Bureau, Washington, DC 20233-0101.

FOR FURTHER INFORMATION CONTACT:

Deirdre Dalpiaz Bishop, Associate Director for Economic Programs, Telephone: 301-763-1696; Email: Deirdre.Dalpiaz.Bishop@census.gov.

SUPPLEMENTARY INFORMATION: The following three surveys described herein are authorized by 13 U.S.C. 131 and 182 and are necessary to furnish current data on the subjects covered by the major censuses: (1) Annual Integrated Economic Survey (AIES); (2) Annual Business Survey (ABS); and (3) Business and Professional Classification Report. These surveys are made mandatory under the provisions of 13 U.S.C. 224-225. These surveys will provide continuing and timely national statistical data for the period between economic censuses. The data collected in the surveys will be within the general scope and nature of those inquiries covered in the Economic Census. The most recent Economic Census was conducted in 2023 for the reference year 2022. The next Economic Census will occur in 2028 for the reference year 2027.

Notice of specific reporting requirements for each survey, including who is to report, the information to be reported, the manner of reporting, and the time and place of filing reports, will be provided by mail or by email only to those required to complete these surveys.

Annual Integrated Economic Survey (AIES)

The AIES collects data on key economic measures, including employment, revenue (e.g., sales, shipments, and receipts; taxes; contributions, gifts, and grants; products; and e-commerce activity), and operating expenses (e.g., payroll, benefits, purchased services, rental payments, utilities, interest, materials and supplies, and equipment). Additionally, the AIES captures information on capital expenditures, inventories, and robotic equipment. The survey's sample is drawn from a frame of approximately 5.9 million employer companies, built using the Census Bureau's Business Register (BR), which is the Census Bureau's master business list.

The AIES delivers timely and continuous national and subnational economic statistics, serving as a valuable resource for government program officials, industry leaders, economists, business owners, and researchers across academia, business, and government.

More information regarding the AIES can be found in the Information Collection Request (ICR) approved by

the Office of Management and Budget (OMB) on March 20, 2026, at the following link: https://www.reginfo.gov/public/do/PRAViewICR?ref_nbr=202601-0607-002.

Annual Business Survey (ABS)

The ABS measures business owner demographics, research and development (R&D), innovation, and other topics of interest among businesses in the United States. The ABS is a joint statistical project between the National Center for Science and Engineering Statistics (NCSES) within the U.S. National Science Foundation (NSF) and the Census Bureau.

The Business Enterprise Research and Development (BERD) Survey and ABS are being combined to increase data quality, reduce respondent burden, and to allow the Census Bureau to operate more efficiently. Content previously collected on the BERD survey will now be collected as part of the ABS. The BERD survey will no longer be fielded independently.

More information regarding the ABS can be found in the ICR approved by OMB on May 15, 2026, at: https://www.reginfo.gov/public/do/PRAViewICR?ref_nbr=202602-0607-001.

Business and Professional Classification Report

The Business and Professional Classification Report collects one-time data on a firm's type of business activity from a sample of businesses that were recently assigned Federal Employer Identification Numbers or recently added to the scope of the Census Bureau's current business surveys. The data are used to update the sampling frames for our current business surveys. Additionally, the business classification data will help ensure businesses are directed to complete the correct report in the Economic Census.

More information regarding the Business and Professional Classification Report can be found in the ICR approved by OMB on August 15, 2024, at: https://www.reginfo.gov/public/do/PRAViewICR?ref_nbr=202405-0607-003.

Paperwork Reduction Act

Notwithstanding any other provision of law, no person is required to respond to, nor shall a person be subject to a penalty for failure to comply with, a collection of information subject to the requirements of the Paperwork Reduction Act (PRA) (44 U.S.C. 3501 *et seq.*) unless that collection of information displays a currently valid OMB control number. In accordance with the PRA, OMB approved the surveys described in this notice under

the following OMB control numbers: AIES, 0607–1024; ABS, 0607–1004; and Business and Professional Classification Report, 0607–0189.

Based upon the foregoing, I have directed that the current mandatory business surveys be conducted in 2026 for the purpose of collecting these data.

Dated: September 1, 2026.

George Cook,

Deputy Under Secretary for Economic Affairs performing the non-exclusive functions and duties of the Director of the Census Bureau.

[FR Doc. 2026–18176 Filed 9–3–26; 8:45 am]

BILLING CODE 3510–07–P

DEPARTMENT OF COMMERCE

International Trade Administration

Initiation of Antidumping and Countervailing Duty Administrative Reviews

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

SUMMARY: The U.S. Department of Commerce (Commerce) has received requests to conduct administrative reviews of various antidumping duty (AD) and countervailing duty (CVD) orders with July anniversary dates. In accordance with Commerce's regulations, we are initiating those administrative reviews.

DATES: Applicable September 4, 2026.

FOR FURTHER INFORMATION CONTACT: Brenda E. Brown, AD/CVD Operations, Customs Liaison Unit, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue NW, Washington, DC 20230; telephone: (202) 482–4735.

SUPPLEMENTARY INFORMATION:

Background

Commerce has received timely requests, in accordance with 19 CFR 351.213(b), for administrative reviews of various AD and CVD orders with July anniversary dates. All deadlines for the submission of various types of information, certifications, comments, or actions by Commerce discussed below refer to the number of calendar days from the applicable starting time.

Respondent Selection

In the event that Commerce limits the number of respondents for individual examination for administrative reviews initiated pursuant to requests made for the orders identified below, Commerce intends to select respondents based either on U.S. Customs and Border Protection (CBP) data for U.S. imports

during the period of review (POR) or questionnaires in which we request the quantity and value (Q&V) of sales, shipments, or exports during the POR. Where Commerce selects respondents based on CBP data, we intend to place the CBP data on the record within five days of publication of the initiation notice. Where Commerce selects respondents based on Q&V data, Commerce intends to place the Q&V questionnaire on the record of the review within five days of publication of the initiation notice. In either case, we intend to make our respondent selection decision within 35 days of the **Federal Register** publication of the initiation notice. Comments regarding the CBP data (and/or Q&V data (where applicable)) and respondent selection should be submitted within seven days after the placement of the CBP data/submission of the Q&V data on the record of the review. Parties wishing to submit rebuttal comments should submit those comments within five days after the deadline for the initial comments.

In the event that Commerce decides it is necessary to limit individual examination of respondents and conduct respondent selection under section 777A(c)(2) of the Tariff Act of 1930, as amended (the Act), the following guidelines regarding collapsing of companies for purposes of respondent selection will apply. In general, Commerce has found that determinations concerning whether particular companies should be “collapsed” (e.g., treated as a single entity for purposes of calculating AD rates) require a substantial amount of detailed information and analysis, which often require follow-up questions and analysis. Accordingly, Commerce will not conduct collapsing analyses at the respondent selection phase of the review and will not collapse companies at the respondent selection phase unless there has been a determination to collapse certain companies in a previous segment of the AD proceeding (e.g., investigation, administrative review, new shipper review, or changed circumstances review). For any company subject to the review, if Commerce determined, or continued to treat, that company as collapsed with others, Commerce will assume that such companies continue to operate in the same manner and will collapse them for respondent selection purposes. Otherwise, Commerce will not collapse companies for purposes of respondent selection.

Parties are requested to: (a) identify which companies subject to review previously were collapsed, and (b)

provide a citation to the proceeding in which they were collapsed. Further, if companies are requested to complete the Q&V questionnaire for purposes of respondent selection, in general, each company must report volume and value data separately for itself. Parties should not include data for any other party, even if they believe they should be treated as a single entity with that other party. If a company was collapsed with another company or companies in the most recently completed segment of the proceeding where Commerce considered collapsing that entity, complete Q&V data for that collapsed entity must be submitted.

Notice of No Sales

With respect to AD administrative reviews, we intend to rescind the review where there are no suspended entries for a company or entity under review and/or where there are no suspended entries under the company-specific case number for that company or entity. Where there may be suspended entries, if a producer or exporter named in this notice of initiation had no exports, sales, or entries during the POR, it may notify Commerce of this fact within 30 days of publication of this initiation notice in the **Federal Register** for Commerce to consider how to treat suspended entries under that producer's or exporter's company-specific case number.

Deadline for Withdrawal of Request for Administrative Review

Pursuant to 19 CFR 351.213(d)(1), a party that has requested a review may withdraw that request within 90 days of the date of publication of the notice of initiation of the requested review. The regulation provides that Commerce may extend this time if it is reasonable to do so. Determinations by Commerce to extend the 90-day deadline will be made on a case-by-case basis.

Deadline for Particular Market Situation Allegation

Section 504 of the Trade Preferences Extension Act of 2015 amended the Act by adding the concept of a particular market situation (PMS) for purposes of constructed value under section 773(e) of the Act.¹ Section 773(e) of the Act states that “if a particular market situation exists such that the cost of materials and fabrication or other processing of any kind does not accurately reflect the cost of production in the ordinary course of trade, the administering authority may use

¹ See Trade Preferences Extension Act of 2015, Public Law 114–27, 129 Stat. 362 (2015).

another calculation methodology under this subtitle or any other calculation methodology.” When an interested party submits a PMS allegation pursuant to section 773(e) of the Act, Commerce will respond to such a submission consistent with 19 CFR 351.301(c)(2)(v). If Commerce finds that a PMS exists under section 773(e) of the Act, then it will modify its dumping calculations appropriately.

Neither section 773(e) of the Act nor 19 CFR 351.301(c)(2)(v) set a deadline for the submission of PMS allegations and supporting factual information. However, in order to administer section 773(e) of the Act, Commerce must receive PMS allegations and supporting factual information with enough time to consider the submission. Thus, should an interested party wish to submit a PMS allegation and supporting new factual information pursuant to section 773(e) of the Act, it must do so no later than 20 days after submission of initial responses to section D of the questionnaire.

Separate Rates

In proceedings involving non-market economy (NME) countries, Commerce begins with a rebuttable presumption that all companies within the country are subject to government control and, thus, should be assigned a single AD deposit rate. It is Commerce’s policy to assign all exporters of merchandise subject to an administrative review in an NME country this single rate unless an exporter can demonstrate that it is sufficiently independent so as to be entitled to a separate rate.

To establish whether a firm is sufficiently independent from government control of its export activities to be entitled to a separate rate, Commerce analyzes each entity exporting the subject merchandise. In accordance with the separate rates criteria, Commerce assigns separate rates to companies in NME cases only if respondents can demonstrate the absence of both *de jure* and *de facto* government control over export activities.

All firms listed below that wish to qualify for separate rate status in the administrative reviews involving NME countries must complete, as appropriate, either a Separate Rate Application or Certification, as described below. In addition, all firms that wish to qualify for separate rate status in the administrative reviews of AD orders in which a Q&V questionnaire is issued must complete, as appropriate, either a Separate Rate Application or Certification, and respond to the Q&V questionnaire.

For these administrative reviews, in order to demonstrate separate rate eligibility, Commerce requires entities for whom a review was requested, that were assigned a separate rate in the most recent segment of this proceeding in which they participated, to certify that they continue to meet the criteria for obtaining a separate rate. The Separate Rate Certification form will be available on Commerce’s website at <https://www.trade.gov/non-market-economy-separate-rate-applications-and-certifications> on the date of publication of this **Federal Register** notice. In responding to the certification, please follow the “Instructions for Filing the Certification” in the Separate Rate Certification. Separate Rate Certifications are due to Commerce no later than 14 calendar days after publication of this **Federal Register** notice. In addition to filing a Separate Rate Certification with Commerce no later than 14 calendar days after publication of this **Federal Register** notice. The deadline and requirement for submitting a Separate Rate Certification applies equally to NME-owned firms, wholly foreign-owned firms, and foreign sellers who purchase and export subject merchandise to the United States.

Entities that currently do not have a separate rate from a completed segment of the proceeding² should timely file a Separate Rate Application to demonstrate eligibility for a separate rate in this proceeding. In addition, companies that received a separate rate in a completed segment of the proceeding that have subsequently made changes, including, but not limited to, changes to corporate structure, acquisitions of new companies or facilities, or changes to their official company name,³ should timely file a Separate Rate Application to demonstrate eligibility for a separate rate in this proceeding. The Separate Rate Application will be available on Commerce’s website at <https://www.trade.gov/non-market-economy-separate-rate-applications-and-certifications> on the date of publication

² Such entities include entities that have not participated in the proceeding, entities that were preliminarily granted a separate rate in any currently incomplete segment of the proceeding (e.g., an ongoing administrative review, new shipper review, etc.) and entities that lost their separate rate in the most recently completed segment of the proceeding in which they participated.

³ Only changes to the official company name, rather than trade names, need to be addressed via a Separate Rate Application. Information regarding new trade names may be submitted via a Separate Rate Certification.

of this **Federal Register** notice. In responding to the Separate Rate Application, refer to the instructions contained in the application. Separate Rate Applications are due to Commerce no later than 14 calendar days after publication of this **Federal Register** notice. The deadline and requirement for submitting a Separate Rate Application applies equally to NME-owned firms, wholly foreign-owned firms, and foreign sellers that purchase and export subject merchandise to the United States.

Exporters and producers must file a timely Separate Rate Application or Certification if they want to be considered for individual examination. Furthermore, exporters and producers who submit a Separate Rate Application or Certification and subsequently are selected as mandatory respondents will no longer be eligible for separate rate status unless they respond to all parts of the questionnaire as mandatory respondents.

Certification Eligibility

Commerce may establish a certification process for companies whose exports to the United States could contain both subject and non-subject merchandise. Companies under review that were deemed to not be eligible to participate in the certification program of that proceeding may submit a Certification Eligibility Application to establish that they maintain the necessary systems to track their sales to the United States of subject and non-subject goods.

All firms listed below that are not currently eligible to certify but wish to establish certification eligibility are required to submit a Certification Eligibility Application. The Certification Eligibility Application will be available on Commerce’s website at <https://www.trade.gov/sites/default/files/2026-02/Certification-Eligibility-Application.pdf?v=1777492320626>. Certification Eligibility Applications must be filed according to Commerce’s regulations and are due to Commerce no later than 30 calendar days after the publication of the **Federal Register** notice.

Exporters and producers that are not currently eligible to certify, who submit a Certification Eligibility Application, and are subsequently selected as mandatory respondents must respond to all parts of the questionnaire as mandatory respondents for Commerce to consider their Certification Eligibility Application.

Initiation of Reviews

In accordance with 19 CFR
351.221(c)(1)(i), we are initiating

administrative reviews of the following
AD and CVD orders and findings. We

intend to issue the final results of these
reviews not later than July 31, 2027.

	Period to be reviewed
AD Proceedings	
Belgium: Citric Acid And Certain Citrate Salts, A-423-813 Citribel N.V.	7/1/25-6/30/26
Cambodia: Certain Paper Shopping Bags, A-555-002 Brandart S.p.A. Namper Packaging (Cambodia) Co. Ltd. Nice Packaging (Cambodia) Co., Ltd. TB Packaging (Cambodia) Co., Ltd. UUPak Company Limited	7/1/25-6/30/26
Colombia: Certain Paper Shopping Bags, A-301-805 Ditar, S.A.	7/1/25-6/30/26
Colombia: Citric Acid And Certain Citrate Salts, A-301-803 Sucroal S.A.	7/1/25-6/30/26
India: Certain Cold-Drawn Mechanical Tubing and Carbon and Alloy Steel, ⁴ A-533-873 Goodluck India Limited Tube Investments of India Ltd. and Tube Products of India	6/1/25-5/31/26
India: Certain Paper Shopping Bags, A-533-917 Adeera Packaging Pvt. Ltd. Amate Products Pvt. Ltd. Archies Limited Asha Creation Canpac Trends Private Limited Carrywell Packaging Pvt. Ltd. Ckaari Packaging Private Limited Colorbox Daks India Industries Pvt. Ltd. Dynaflex Private Limited Harrshan Pro-Pack LLP JK Industries Kuloday Plastomers Pvt. Ltd. Laser Edge Graphics Max Packaging Pack Planet Pvt. Ltd. Paras Webcoat Pvt. Ltd. Poonam SGM Paper Products Shriniwas Enterprises Tejaswi Plastic Pvt. Ltd. True Tag International Private Limited Vama Packaging Velvin Packaging Solutions Private Limited; Velvin Paper Products; The Velvin Group Virat Ecobags Pvt. Ltd.	7/1/25-6/30/26
India: Fine Denier Polyester Staple Fiber, A-533-875 The Bombay Dyeing And Manufacturing Company Limited	7/1/25-6/30/26
India: Polyethylene Terephthalate (PET) Film, A-533-824 Chiripal Poly Films Limited Cosmo First Ltd. Ester Industries Limited Garware Hi-Tech Films Limited (formerly Garware Polyester Ltd.) JPFL Films Private Limited (formerly Jindal Poly Films Limited) Polyplex Corporation Ltd. SRF Limited Vacmet India Ltd.	7/1/25-6/30/26
Italy: Certain Pasta, A-475-818 G.A.C. Gruppo Alimentare Campano Srl Gruppo Milo SpA La Doria Pasta PL S.r.l. La Doria S.p.A. La Molisana SpA Liguori Pastificio Dal 1820 S.p.A; PAM S.p.A; PAM S.R.L.; Pastificio Della Forma S.r.l.; Pastificio Liguori S.p.A. Marchesi Frescobaldi Soc. Agricola S.r.l. M&C Fabbrica Alimentare Srl Molino e Pastificio (Rummo); Pasta Castiglioni S.r.l.; Rummo Lenta Lavorazione S.p.A; Rummo S.p.A. Pastificio Di Martino Gaetano e Flli S.p.A.; Pastificio Dei Campi S.p.A.; Pastificio Di Martino Gaetano & F.lli S.r.l. Pastificio Graziano Srl Pastificio Lucio Garofalo SpA	7/1/25-6/30/26
Italy: Mattresses, A-475-845 Matermoll SRL	7/1/25-6/30/26

	Period to be reviewed
Japan: Cold-Rolled Steel Flat Products, A-588-873	7/1/25-6/30/26
JFE Steel Corporation	
Marubeni-Itochu Steel Inc.	
Marubeni-Itochu Steel America Inc.	
Nippon Steel Corporation	
Shinsho Corporation	
Toyota Tsucho Corporation	
Malaysia: Certain Paper Shopping Bags, A-557-825	7/1/25-6/30/26
Hexachase Packaging Sdn Bhd	
Qlopac Sdn Bhd	
Simply Packaging Sdn Bhd	
Sin Boon Beng Printing Sdn Bhd	
UPS SCS (Malaysia) Services Sdn Bhd	
Malaysia: Certain Steel Nails, A-557-816	7/1/25-6/30/26
Alsons Manufacturing India, LLP	
Atlantic Marine Group Ltd.	
Asia Bolts & Nuts Sdn. Bhd.	
Astrotech Steels Pvt. Ltd.	
AV Fastener (M) Sdn. Bhd.	
Best Staples Sdn. Bhd.	
Chia Pao Metal Co., Ltd.	
Chin Lai Hardware Sdn. Bhd.	
Chin Well Fasteners Co.	
Chuan Heng Hardware Paints and Building Materials Sdn. Bhd.	
Come Best (Thailand) Co., Ltd.	
Gbo Fastening Systems AB	
Geekay Wires Limited	
Gripwell Fastening (M) Sdn. Bhd.	
Impress Steel Wire Industries Sdn. Bhd.	
Inmax Sdn. Bhd.	
Inmax Industries Sdn. Bhd.	
Fastenal Malaysia Sdn. Bhd.	
Foison Hardware Inc.	
Fuji Fastener Manufacturing Sdn. Bhd.	
Kerry-Apex (Thailand) Co., Ltd.	
Kimmu Trading Sdn. Bhd.	
Kimmu Industries Sdn. Bhd.	
Li Yang Industries Sdn. Bhd.	
Madura Sdn. Bhd.	
Modern Factory for Steel Industries Co., Ltd.	
Multi Venture Resources Sdn. Bhd.	
Oman Fasteners LLC	
PrimeSource Building Products Inc.	
Region Systems Sdn. Bhd.	
Region International Co. Ltd.	
RM Wire Industries Sdn. Bhd.	
SNA Steel Products (M) Sdn. Bhd.	
S.H. Chooi Fasteners	
SK Bolts & Fasteners Sdn. Bhd.	
Soon Shing Building Materials Sdn. Bhd.	
Storeit Services LLP	
Sunmat Industries Sdn., Bhd.	
Tag Fasteners Sdn. Bhd.	
Tag Staples Sdn., Bhd.	
Tampin Sin Yong Wai Industry Sdn. Bhd.	
Top Remac Industries	
Trinity Steel Private Limited	
UD Industries Sdn., Bhd.	
Vien Group Sdn., Bhd.	
Watasan Industries Sdn., Bhd.	
Winston Mayer Sdn. Bhd.	
Wing Tai Fastener Manufacturer	
WWL India Private Ltd.	
Yew Siong Industrial Supplies Sdn. Bhd.	
Mexico: Fresh Tomatoes, A-201-820	7/14/25-6/30/26
29 Compañía Agropecuaria S.P.R. de R.L. de C.V.	
3G Invernaderos S.P.R. de R.L. de C.V.	
4V Agrícola S.P.R. de R.L.	
A.I.a.m. Commerce S.A.P.I. de C.V.	
Abastecedora Doble-g S.A. de C.V.	
AC1 Cueto S.A.P.I. de C.V.	
AC1 Culiacán S.A.P.I. de C.V.	
AC1 Ensenada S.A.P.I. de C.V.	

	Period to be reviewed
AC1 Riveros S.A.P.I. de C.V. Ace Agro S.A. de C.V. Adisa Cabos S.A.P.I. de C.V. Administradora Hortícola Del Tamazula Ag Mart Produce S. de R.L. de C.V. Agarajo S.P.R. de R.L. de C.V. Agreenhouse S.P.R. de R.L. Agrícola 14 de Febrero S.A. de C.V. Agrícola 5 Hermanos S.A. de C.V. Agrícola 7 Hermanos S.A. de C.V. Agrícola 76 S.A.P.I. de C.V. Agrícola Africa S.P.R. de R.L. de C.V. Agrícola Agaa S.A. de C.V. Agrícola Alnape S.P.R. de R.L. de C.V. Agrícola Alto Valle S.A. de C.V. Agrícola Am Mex S. de R.L. de C.V. Agrícola Ángel del Norte S. de R.L. de C.V. Agrícola Anjor S.A. de C.V. Agrícola Ashley S.A. de C.V. Agrícola Avina S.P.R. de R.L. Agrícola Az S.A. de C.V. Agrícola B-15 S. de P.R. de R.L. Agrícola Bacatete S.A. de C.V. Agrícola Badilla Flores S.A. de C.V. Agrícola Baja Best S. de R.L. de C.V. Agrícola Bakia S.P.R. de R.L. Agrícola Barajas Serrato S.P.R. de R.L. de C.V. Agrícola Bay Hermanos S.A. de C.V. Agrícola Bbs S.P.R. de R.L. de C.V. Agrícola Belher S.A. de C.V. Agrícola Beltran S.A. de C.V. Agrícola Bg S.A. de C.V. Agrícola Boui S.A. de C.V. Agrícola Carrey S.P.R. de R.L. de C.V. Agrícola Cedral S.P.R. de R.L. de C.V. Agrícola Cedritos S.P.R. de R.L. Agrícola CH4 S.a. de C.v. Agrícola Chaparral S.P.R. de R.L. Agrícola Chavollas S.A. de C.V. Agrícola Ciari S. de R.L. de C.V. Agrícola Dapese S. de R.L. de C.V. Agrícola de Chiles Picosos S.P.R. de R.L. Agrícola de Gala S.A. de C.V. Agrícola del Rancho S.A. de C.V. Agrícola del Sol Jm S.P.R. de R.L. Agrícola Delba S.P.R. de R.L. Agrícola Disenasa S. de P.R. de R.L. Agrícola Don Carlos Cabanillas y Asociados S.P.R. de R.L. Agrícola Don Gabo S.P.R. de R.L. de C.V. Agrícola Don Manuel S. de P.R. de R.L. Agrícola Don Memo S.A. de C.V. Agrícola Dos Californias S.A. de C.V. Agrícola Dos Mares S. de R.L. de C.V. Agrícola el Consuelo S. de R.L. de C.V. Agrícola el Encuentro S.A. de C.V. Agrícola el Pandito S.P.R. de R.L. Agrícola el Picudo S. de P.R. de R.L. Agrícola el Pithayal S.C. de R.L. de C.V. Agrícola el Roble Rs S.P.R. de R.L. de C.V. Agrícola el Rosal S.A. de C.V. Agrícola el Veinte S.P.R. de R.L. de C.V. Agrícola Erab S.A. de C.V. Agrícola Faader S.P.R. de R.L. Agrícola Feval S.A. de C.V. Agrícola Fh S.A.P.I. de C.V. Agrícola G2 S.P.R. de R.L. de C.V. Agrícola Gaco S.P.R. de R.L. Agrícola Gaf S.A.P.I. de C.V. Agrícola Globalmex Agrícola Gomez Roca S.P.R. de R.L. de C.V. Agrícola Gotsis S.A. de C.V. Agrícola Gutierrez S.P.R. de R.L. Agrícola Gyj S.P.R. de R.L.	

	Period to be reviewed
Agricultura Hca S.P.R. de R.I. Agricultura Herlim S.P.R. de R.L. Agricultura Hermanos Ángel, S.P.R. de R.L.. Agricultura Hermanos Mondragon S.P.R. de R.L. Agricultura Hermo S.A. de C.V. Agricultura Hidroponica San Bartolo S.P.R. de R.L. Agricultura Horityaqui S.P.R. de R.L. Agricultura Jama S.A. de C.V. Agricultura Jb S.P.R. de R.L. de C.V. Agricultura Jicuri S.p.r. de R.I. Agricultura Jirza S. de R.L. de C.V. Agricultura Karely S.A. de C.V. Agricultura la Cuarta Estacion S.A.P.I. de C.V. Agricultura la Floresta S. de R.L. de C.V. Agricultura la Mision S.A. de C.V. Agricultura la Primavera S.A. de C.V. Agricultura la Soledad S.P.R. de R.L. Agricultura la Tuxcana S.A. de C.V. Agricultura las Granjas S.P.R. de R.L. Agricultura las Higuierillas S. de R.L. de C.V. Agricultura las Tres V S. de R.L. de C.V. Agricultura Laura Elena S.A. de C.V. Agricultura Lomas Chileras S.A. de C.V. Agricultura los Chivos S.P.R. de R.L. Agricultura los Migueles de la Madre Terra S.P.R. de R.I. Agricultura Maas S.A. de C.V. Agricultura Maor S. de R.L. de C.V. Agricultura Md S.P.R. de R.L. Agricultura Mendez S.P.R. de R.I. Agricultura Mevi Brothers S. de R.L. de C.V. Agricultura Mil Gr de Culiacán S.A. de C.V. Agricultura Movac de Elota S. de R.L. Agricultura Mr la Bota S.P.R. de R.I. Agricultura Murillo Rocchin Spr de Lr Agricultura Navalley S.P.R. de R.L. Agricultura Nueva Generacion S.P.R. de R.L. de C.V. Agricultura Oliveros S.P.R. de R.L. Agricultura Orcas S.P.R. de R.I. Agricultura Palo Fierro S.A. de C.V. Agricultura Palo Verde S.P.R. de R.L. Agricultura Pantoni S.P.R. de R.L. de C.V. Agricultura Paredes S.A.P.I. de C.V. Agricultura Piscui S.P.R. de R.L. Agricultura Progran S.A. de C.V. Agricultura Rudy's Produce S.P.R. de R.L. de C.V. Agricultura San Antonio de Aceves S.P.R. de R.L. Agricultura San Emilio S.A. de C.V. Agricultura San Isidro de Zalaya S.P.R. de R.L. Agricultura San Miguel de Uriangato S.P.R. de R.L. de C.V. Agricultura Santa Catalina S.P.R. de R.L. Agricultura Santa Olivia S.P.R. de R.L. de C.V. Agricultura Santa Teresa S.A. de C.V. Agricultura Santa Veneranda S.P.R. de R.L. Agricultura Santo Domingo S.A. de C.V. Agricultura Savannah S.A. de C.V. Agricultura Serramia S.P.R. de R.L. Agricultura SI S.P.R. de R.L. Agricultura Sofy S.P.R. de R.L. Agricultura Solanum S.P.R. de R.L. de C.V. Agricultura Tiga S.A. de C.V. Agricultura Tlalli S.A. de C.V. Agricultura Tomate Comercializacion Agricultura Torugos S.P.R. de R.L. Agricultura Trima S.P.R. de R.L. Agricultura Typ S.A. de C.V. Agricultura Ursomex S. de R.L. de C.V. Agricultura Xawilly S. de R.L. de C.V. Agricultura y Ganadera Pacheco S.A. de C.V. Agricultura y Semillas Drt del Norte S.P.R. de R.L. de C.V. Agricultura y Servicios Herang S.C. de R.L. de C.V. Agricultura Zap S.A. de C.V. Agricultura Zepromex S.P.R. de R.L. Agricultura Tura Regenera Tiv a Isosi S. de R.L. de C.V.	

	Period to be reviewed
Agricultura Controlada S.A. de C.V. Agricultura Intensiva del Sur S.A. de C.V. Agriexport S.A. de C.V. Agrifood Alliance S.A. de C.V. Agrigar S.A. de C.V. Agrigex S.P.R. de R.L. de C.V. Agrileg de Tehuacan S.A. de C.V. Agriproductora de Familia S. de R.L. de C.V. Agrizom S.C. de R.L. de C.V. Agro Dagosa S.P.R. de R.L. de C.V. Agro Desert S.P.R. de R.L. de C.V. Agro Don José S.P.R. de R.L. de C.V. Agro Evia S. de R.L. de C.V. Agro Exportadora 3H Agro Sseba S.P.R. de R.L. de C.V. Agro Viva S.P.R. de R.L. Agro Zemar S.P.R. de R.L. de C.V. Agrobo S.A. de C.V. Agrocir S.A. de C.V. Agro-Cultivos del Valle de Palmarito, S. de P.R. de R.L. Agrodesa Laguna S.P.R. de R.L. Agroexplotaciones California S.P.R. de R.L. Agroexportaciones S. de R.L. de C.V. Agroexportadora del Noroeste S.A. de C.V. Agroexportadora Petatlan S.A. de C.V. Agrofresh S.A. de C.V. Agrofruticola la Cruz S.A. de C.V. Agroganadera Waggoner S.P.R. de R.L. de C.V. Agrohellas S.P.R. de R.L. de C.V. Agroindustria del Portezuelo S.P.R. de R.L. de C.V. Agroindustrias Campo Real S.P.R. de R.L. de C.V. Agroindustrias el Moro S.P.R. de R.L. Agroindustrias Gemso S.A. de C.V. Agroindustrias Tombell S.A. de C.V. Agroindustrias Unidas de Sonora S.A. de C.V. Agroindustrias Villa Santiago S.A. de C.V. Agroinvernadero la Esperanza Spr del RI Agroinvernaderos San Antonio S.P.R. de R.L. de C.V. Agrokumara S.A. de C.V. Agrolnova S.P.R. de R.L. de C.V. Agromanufacturas del Pacifico S.A. de C.V. Agronegocios Hbg S.P.R. de R.L. de C.V. Agronegocios las Carolinas S.P.R. de R.L. Agronegocios Santa Ana S.A. de C.V. Agroparque de Yecapixtla S.A.P.I. de C.V. Agroparque Horticultor Morelos S.P.R. de R.L. Agroparque Zona Media S.P.R. de R.L. de C.V. Agropecuaria Baroyeca S.P.R. de R.L. Agropecuaria Bomanz S.A. de C.V. Agropecuaria de la Comarca S.A. de C.V. Agropecuaria e Invernaderos Caldera S.P.R. de R.L. de C.V. Agropecuaria el Huiche S.P.R. de R.L. de C.V. Agropecuaria el Perdido S.P.R. de R.L. Agropecuaria Gabo S.A. de C.V. Agropecuaria Jam S.A. de C.V. Agropecuaria la Estancia 2021 S.A. de C.V. Agropecuaria la Huerta S.P.R. de R.L. de C.V. Agropecuaria Malichita S.A. de C.V. Agropecuaria Mata S.P.R. de R.L. Agropecuaria Puerto de Guaymas S.P.R. de R.L. de C.V. Agropecuaria Velazco S.P.R. de R.L. de C.V. Agropecuaria y Pesquera Jpm S.C. de R.L. de C.V. Agroplataforma Mexico S.A.P.I. de C.V. Agroporcicola las Cumbres S. de R.L. de C.V. Agropremium Invernaderos de la Zona Media S.C. de R.L. de C.V. Agroprodem S.A.P.I. de C.V. Agroproductores Orgánicos el Vallecito S.P.R. de R.L. Agroproductores San Andres S.P.R. de R.L. de C.V. Agroproductos Cruz S.A. de C.V. Agroproductos de los Altos S.A. de C.V. Agroproductos del Cabo S.A. de C.V. Agroproductos Mcm S.P.R. de R.L. de C.V. Agroproductos Mercury S.A. de C.V.	

	Period to be reviewed
Agroproductos Orgánicos el Encanto S. de R.L. de C.V. Agroproductos Ramirez S.P.R. de R.L. de C.V. Agroquality Zubieta S.A. de C.V. Agroorganicos Nacionales S.A. de C.V. Agros S.A. de C.V. Agrovalle de Occidente S.A. de C.V. Agroveggie S.A. de C.V. Agryaqui del Sol S.P.R. de R.L. Aguilares S.P.R. de R.L. Akambarhu Hortalizas S.P.R. de R.L. Alam Commerce S.A.P.I. de C.V. Alba Organic Growers S.P.R. de R.L. de C.V. Alberto a Manzanedo Figueroa Alejandra Estrada Jasso Alejandro Carriquiry Hays Alex Latofski Schoen Alimentos Tlaxcala S.A. de C.V. Alimentos Villa de Ahome S.P.R. de R.L. Alimentos y Bebidas Pvr S.A. de C.V. All Green S.A. de C.V. Almerimex S.A. de C.V. Alsa Alimentos S.P.R. de R.L. de C.V. Amei Fresh Produce S.A. de C.V. America Exporta S.A. de C.V. Andrea Berenice Garza Leal Ángel Antonio Beltran Saucedo Ángel Antonio Beltran Soberanes Anjor Organic Farm S.A. de C.V. Apcaro S.P.R. de R.L. Arerro Produce S.P.R. de R.L. Arogon Produce S. de R.L. de C.V. Arreola/Garcia/Daniel Avindustrias Menball Hnos S.P.R. de R.L. Avomaria S.P.R. de R.L. de C.V. Baja Fresh Growers S. de R.L. de C.V. Baja Organic S. de R.L. de C.V. Baja Organics S. de R.L. de C.V. Baja Veg S. de R.L. de C.V. Barajas Internacional S.P.R. de R.L. de C.V. Barajas Produce S.P.R. de R.L. de C.V. Beht S.A. de C.V. Bel Giardino S.A.P.I. de C.V. Beltran Iribe Distribuidores S.A. de C.V. Beneta Comercial S.A. de C.V. Benny Produce S.A. de C.V. Berry Veg de Baja S.A. de C.V. Berrysal S.P.R. de R.L. de C.V. Bio Grower S.P.R. de R.L. de C.V. Bio King S.P.R. de R.L. Bionatur Invernaderos Biologicos de Mexico S.A. de C.V. Bio-Orgánicos Saludables S.P.R. de R.L. de C.V. Bioparques de Occidente S.A. de C.V. Biotech de Salvatierra S.P.R. de R.L. de C.V. Bonanza 2001 S.A. de C.V. Bresca Hortalizas S.P.R. de R.L. Campo Agavero S.P.R. de R.L. de C.V. Campo Agrícola el Socorro S.P.R. de R.L. Campo Blanco S.A. de C.V. Campo Dona Alicia S.A. de C.V. Campo Supremo S.P.R. de R.L. de C.V. Campo y Valle S.A. de C.V. Camposampiero S.A. de C.V. Cardenas/cevallos/daniel Carolina Produce S. de R.L. de C.V. Caryopsis S.A. de C.V. Castro Agrícola y Ganadera S.P.R. de R.L. Cedral Greenhouse S.A. de C.V. Centro de Investigacion y Capacitacion Koppert Rapel S.A.P.I. de C.V. Centro de Producción Santa Rita S.A. de C.V. Centro Productor Agrícola el Chapoteadero S.P.R. de R.L. Cerro de Ayo S.P.R. de R.L. de C.V. Ceuta Produce S. de R.L. de C.V. Ch Produce S.P.R. de R.L.	

	Period to be reviewed
Cia Agrícola Omega S. de R.L. de C.V. Citricola Herus S.A. de C.V. Cítricos Tablas de Olimpo S.A. de C.V. Classic Fresh S.P.R. de R.L. de C.V. Claudia Elizabeth Mejia Chavero Comercializadora Agreste S.A. de C.V. Comercializadora Agrícola Baja Sur S.A. de C.V. Comercializadora Calfresco S.A. de C.V. Comercializadora de Frutas y Legumbres S. de R.L. de C.V. Comercializadora el Petacal S.A. de C.V. Comercializadora Euyin Produce S. de R.L. de C.V. Comercializadora Fresh Land S.A. de C.V. Comercializadora Gab S.A. de C.V. Comercializadora Green Grow Produce S. de R.L. de C.V. Comercializadora Grupo Carhern S.A. de C.V. Comercializadora Hortícola Joska S.A. de C.V. Comercializadora Quecat S.A. de C.V. Comercializadora Slf S. de R.L. de C.V. Comercializadora Victoria de Durango S.A. de C.V. Comercializadora Vvj S.A. de C.V. Comercializadora y Exportadora de Hortalizas el Sacrificio S.P.R. de R.I. Conecciones Agrícolas S. de R.L. de C.V. Controladora Santa Ana S. de R.L. de C.V. Cooperativa Agropecuaria Algorta S.C. de P. de R.L. Corpbell Solutions S.A.P.I. de C.V. Corporativo Agrícola Verna S. de R.L. de C.V. Corporativo Cerro de Ayo S.A. de C.V. Covarrubias/hernandez/luis Mario Crican S.P.R. de R.L. Crisp Greenhouses S.A. de C.V. Cuamio Chico Productores S.P.R. de R.L. Cuevas G S.P.R. de R.I. Cultivos del Guadiana el Ángel S.C. de R.L. de C.V. Cultivos Frescos la Huerta S.P.R. de R.L. Cultivos Mexicanos Trejo S.P.R. de R.I. Cutting Edge Foods Baja California S.A. de C.V. D Farms H20 S.A. de C.V. Daan Llia S.P.R. de R.I. Daniel Arreola Garcia Daniel Bastidas Bustamante Daniel Cardenas Cevallos Dario Vargas Canales David Gerardo Penueles Castellanos Dc Orgánicos S.A. de C.V. Dco Agrícola S. de R.L. de C.V. De la Costa S.A. de C.V. Decson S.A. de C.V. Dekalo Exports S.A. de C.V. Del Campo y Asociados S.A. de C.V. Del Carmen Agro Organics S.P.R. de R.L. Del Valle Fresh de la Cruz S.A. de C.V. Desarrolladora y Promotora Agropecuaria S.A. de C.V. Desarrollos Tecnificados Agrícolas S.A. de C.V. Diaz/nopaltitla/oscar Pablo Distribuidora Agrícola Quintanilla S.A. de C.V. Distribuidora del Rancho Mexico Distribuidora Heraldí S. de R.L. de C.V. Distribuidora Hortimex S.A. de C.V. Distribuidora y Comercializadora Olmos S.P.R. de R.L. Diz Produce S.A. de C.V. Dmb Packing Mexico S. de R.L. de C.V. Domba de Tlaxcala S.A. de C.V. Don Charly Products And Export S.p.r. de R.I. Donaldo Bryan Flores Monterrosas Dream Fields S.A.P.I. de C.V. Eco Agri Tec S.C. de R.L. de C.V. Edgar Mondragon Barrios Eduardo Landeros Palazuelos El Cegador S.P.R. de R.L. de C.V. El Chicural S.P.R. de R.L. El Consuelo Ajusco Bc S.A. de C.V. El Cosmito S.P.R. de R.I. El Encino Agroproductos S. de P.R. de R.L. de Cv	

	Period to be reviewed
El Fenix de Culiacán S.A. de C.V. El Milagro de Baja S.A. de C.V. El Panino Produce S.A. de C.V. El Rey de los Productos Finos S.A. de C.V. El Rincon de Alejandro S.A. de C.V. El Rosario Produce S. de P.R. de R.L. El Sol el Cultivo y la Tierra S.A. de C.V. El Sureno Invernaderos S.P.R. de R.L. de C.V. Elma Agricultores S.A. de C.V. Empacadora y Comercializadora Hidrovazques S.A. de C.V. Empaque de Hortalizas el Porvenir S.A. de C.V. Empaques Valle del Sol Frutas y Legumbres S.A. Emparacadora Tres Marias S.P.R. de R.L. Empresarios Productores Agm S.P.R. de R.L. Ensenada Valley Farms S.A.P.I. de C.V. Ernesto Fernando Echavarría Salazar Grupo Solidario Estephania Monterrosas Robles Everardo Javier Garza Almaguer Exceptional Future World Wide S. de R.L. de C.V. Expo-productos del Campo S.A. de C.V. Expor Agricharcos S.A. de C.V. Export And Import Veramx S.A. de C.V. Exportadora Agrícola Sacramento S.A. de C.V. Exportadora Agrícola San Rafael S. de R.L. de C.V. Exportadora los Vergeles S.P.R. de R.L. de C.V. Exportadora Silvalber S. de R.L. de C.V. Exportalizas Mexicanas S.A. de C.V. Exposen S.A. de C.V. Farmex Xkan Ha S.P.R. de R.L. de C.V. Federico Vega Davila Felipe de Jesús Saavedra Cervantes Felminhgham S.P.R. de R.L. de C.V. Fepo Grupo Contratista S.A. de C.V. Finca Ahuehuetes S.A. de C.V. Finca Santa Isabel S.P.R. de R.L. Fontagra, S.a. de C.v. Frescos Tom Ver S.A. de C.V. Fresh Baja de Mexico S.A. de C.V. Fresh Concepcion S.A. de C.V. Freshllaca S.P.R. de R.L. de C.V. Fructus Elit S.A. de C.V. Fructusvia S.A.P.I. de C.V. Frutos de Huerta Real S.P.R. de R.L. Frutos de Jalisco S. de R.L. de C.V. Gama Mex Pomodoro S.A. de C.V. Ganadera Bg S.P.R. de R.L. Ganadera Vigo S.A. de C.V. Ganfer Sociedad Agrícola S.A. de C.V. Garden International Produce S.A. de C.V. Garza/almaguer/everardo Javier Gasolinera Logo S.A. Gaspar Aguilera Guillen Gdp Hortícola S.A. de C.V. Gear Alimentos S.A. de C.V. Genera Agroindustrial S.P.R. de R.L. de C.V. Geolser S. de R.L. de C.V. Gg Hydroponics S. de P.R. de R.L. de Cv Goja Hermanos S.P.R. de R.L. Gonzalez/de Loza/José Ignacio Granero de Oro S.P.R. de R.L. Graneros el 16 S.A. de C.V. Graneros la Gloria S.P.R. de R.L. de C.V. Green Farms de Michoacán S.A. de C.V. Green Produce S.A.P.I. de C.V. Greenhouse Blooming S.A. de C.V. Greenhouse Company de Mexico Greenhouse Organika S.A.P.I. de C.V. Greenhouse Packers S.A.P.I. de C.V. Greenhouse Werita S.P.R. de R.L. Greennova Especialidades Agrícolas S.P.R. de R.L. de C.V. Grigorás S.A. de C.V. Growing Green Fruit S.P.R. de R.L. de C.V. Gruindag Alimentaria S.A. de C.V.	

	Period to be reviewed
Grupo Agrícola Bcn S.P.R. de R.L. Grupo Agrícola Encon S.P.R. de R.L. Grupo Agrícola Esmeralda S.P.R. de R.L. Grupo Agrícola Joseli S.P.R. de R.L. Grupo Agrícola la China S.P.R. de R.L. Grupo Agrícola Reyes del Pacífico S.P.R. de R.L. Grupo Agrícola Santa Fe S.A. de C.V. Grupo Agropecuario Integral Agropro S.A. de C.V. Grupo de Exportadores San Luciano S.P.R. de R.L. Grupo Enritolan S.P.R. de R.L. Grupo Hidroponía el Silencio S.P.R. de R.L. de C.V. Grupo Horticultor Galacia S.P.R. de R.L. Grupo Hortofruticola Fcb Grupo Ikrea de Mexico S.A. de C.V. Grupo Impactum 2015 S.A.P.I. de C.V. Grupo Impulsor Aldava S.P.R. de R.L. de C.V. Grupo Jazmar de Reynosa S. de R.L. Mi Grupo la Laguna de Zamora S.P.R. de R.L. Grupo Lechero Bilbao S.P.R. de R.L. de C.V. Grupo Regra S.P.R. de R.L. de C.V. Grupo Valroch S.A. de C.V. Grupo Zubieta Hermanos S.C. de R.L. Guadalupe de Guaymas S.P.R. de R.L. H2E Mexico S.A. de C.V. Happy Greenhouse S. de R.L. de C.V. Harbest Valley S.P.R. de R.L. de C.V. Harvest Tek de Mexico S.P.R. de R.L. de C.V. Healtsun S.A. de C.V. Heaven Sent Organic S. de R.L. de C.V. Heirloom Farms S. de R.L. de C.V. Herflo Inverna S.A. de C.V. Herfra Produce S.A. de C.V. HH & Sons Produce S. de R.L. de C.V. Hidalgo Sector 3 S.P.R. de R.L. Hidro Gomez, S.a. de C.v. Hidroagricola Vilmos S.P.R. de R.L. Hidroponía del Noroeste S. de P.R. de R.L. de Cv Hidroponía Galicia & Asociados S.P.R. de R.L. Hidroponica San Luis S.P.R. de R.L. de C.V. Hidropónicos Coyopista Gtz S.P.R. de R.L. de C.V. Hidropónicos Verdherz S.P.R. de R.L. Hidrosel Produce, S. de R.L. de C.v. High Tech Farms S.A. de C.V. High-Tech Gardens S.A. de C.V. Hm Farms de Mexico, S.a. de C.v. Hmb Fields S.P.R. de R.L. Hmb Produce S.A. de C.V. Hmo Farms S.A. de C.V. Hortagri S.P.R. de R.L. de C.V. Hortalizas Argaman S.A.P.I. de C.V. Hortalizas Frescas Yahualifresh S.A.P.I. de C.V. Hortalizas Hm S.A. de C.V. Hortalizas la Gracia S. de P.R. de R.L. Hortalizas Organicas Espinoza Hnos S.P.R. de R.L. de Cv Hortalizas Protegidas del Pacifico S.A. de C.V. Hortalizas Santa Fe S.p.r. de R.L. Hortalizas Selectas de Tlaltempa S.P.R. de R.L. de C.V. Hortalizas Selectas del Altiplano S.A. de C.V. Hortalizas Sinexp S. de R.L. de C.V. Hortiagro del Pacifico S.A. de C.V. Hortibaja S.A. de C.V. Hortícola Cimarron S.A. de C.V. Hortícola Don Salva S.P.R. de R.L. Hortícola el Moro S.P.R. de R.L. Hortícola Greenfield S.A. de C.V. Hortícola Heres S. de P.R. de R.L. de Cv Hortícola Jehersa S.P.R. de R.L. Hortícola Luipack S.P.R. de R.L. Hortícola Meza S.P.R. de R.L. Hortícola Pecos S.P.R. de R.L. Hortícola S.I.P.A. San Ignacio S. de R.L. de C.V. Hortícola Tom S.A. de C.V. Horticultores de Galeana S.P.R. de R.L.	

	Period to be reviewed
Horticultores de Invernadero el Adobe S.P.R. de R.L. Horticultores de Invernadero la Ciénega S.P.R. de R.L. Horticultores de Invernadero la Luz S.P.R. de R.L. Horticultores de Invernadero la Pradera S.P.R. de R.L. Horticultores de Invernadero la Prudencia S.P.R. de R.L. Horticultores de Invernadero Miguel Hidalgo S.P.R. de R.L. Horticultores Valle de la Paz S.P.R. de R.L. Horticultores Valle de San Joaquin S.P.R. de R.L. Horticultores Valleverde S.C. de R.L. de C.V. Hortifresh S.A. de C.V. Hortihouse Estrella S.P.R. de R.L. de C.V. Hortilour Produce S.P.R. de R.L. Hortimega S.A. de C.V. Hortioriente S.A. de C.V. Hortisen de Atlixco S.P.R. de R.L. Huertas Daly Spr de Cv de RI Hydrofoods S.A.P.I. de C.V. I&C de Productos del Campo S.A. de C.V. Imaas Agricultura Protegida S.A. de C.V. Implementos Agropecuarios del Valle de Ahome S.P.R. de R.L. Indigo Growers S.A.P.I. de C.V. Intebaj S.A.P.I. de C.V. Integradora de Invernaderos Michoacanos S.A. de C.V. Integradora de Productores Hortícolas Terranova S.A. de C.V. Integradora Hortícola Apaseo el Grande S.A. de C.V. Integradora Hortícola del Bajío S de RI de Cv Integradora Hortícola Ganifer S.A.P.I. de C.V. Integradora Mexicana de Hortalizas S.P.R. de R.L. Integradora Productores Complejo Agrícola Nuevo Leon Unido S.A. de C.V. Interfruver de Mexico S.A. de C.V. International Greenhouse Produce S.A. de C.V. Intraver S.A. de C.V. Inver Cortazar S.P.R. de R.L. de C.V. Inverjet S.P.R. de R.L. de C.V. Invermesa S.A.P.I. de C.V. Invernadero Iser S.A. de C.V. Invernaderos Arca S.P.R. de R.L. Invernaderos Bonanza 2001 S.A. de C.V. Invernaderos Canros S.P.R. de R.L. de C.V. Invernaderos Cervantes S.P.R. de R.L. de C.V. Invernaderos Costa Baja S. de R.L. de C.V. Invernaderos Cuenca Gomez S.P.R. de R.L. Invernaderos de Tomates Purísima S.P.R. de R.L. de C.V. Invernaderos Ejido California S.P.R. de R.L. de C.V. Invernaderos el Fortin S.A. de C.V. Invernaderos Gabari S.P.R. de R.L. Invernaderos Garipapy S.P.R. de R.L. de C.V. Invernaderos Hidropónicos la Bonita S.A.P.I. de C.V. Invernaderos la Ciénega Prieta S.P.R. de R.L. Invernaderos la Culeca S.P.R. de R.L. de C.V. Invernaderos la Ilusion S.P.R. de R.L. Invernaderos la Mezquitera S.P.R. de R.L. de C.V. Invernaderos la Presa de la Ciénega S.A. de C.V. Invernaderos Mesa Grande S.P.R. de R.L. Invernaderos Potosinos S.A. de C.V. Invernaderos Produce Mass S.A. de C.V. Invernaderos San Juan de Tonicato S.C. de P. de R.L. de Cv Invernaderos Santa Maria Elena S.P.R. de R.L. de C.V. Invernaderos Tagedi S.P.R. de R.L. Invernaderos Victor S.P.R. de R.L. Invernaderos Villegas Hermanos S.P.R. de R.L. Inverorganic Produce S.A.P.I. de C.V. Inverproductos S.P.R. de R.L. Irgax Produce S.A. de C.V. Isuke Kondo Garcia J Humberto Acevedo Castaneda J&I Nature S. de R.L. de C.V. Jatt Produce S.A. de C.V. Jd Agro Kapital S.A. de C.V. Jesús Enrique Munguia Rodriguez Jesús Ernesto Rodarte Espinoza Jesús Guillermo Gonzalez Aviles Jesús Humberto Castro	

	Period to be reviewed
Jesús Oracio Aldana Monge Jitomal S.A. de C.V. Joal Produce S. de R.L. de C.V. Jobe Produce S.P.R. de R.L. Jorge Kondo López José a Lichter Salido José Barajas Murillo y Sucesores S.P.R. de R.L. de C.V. José Guadalupe Higuera Romero José Luis Urgier Trujillo Juan Antonio Castelo de la Rosa Juan Fidel Beltran Saucedo Jv Agro S. de R.L. de C.V. Kampos Lourdes S.P.R. de R.L. Karol Hilda Latofski Schoen Katara Farms S.A. de C.V. King Produce Mx S. de R.L. de C.V. L & M Companies, Inc./santa Sofia Hortícola, S.a. de C.v. La 31 Produce S.P.R. de R.L. de C.V. La Chardonnay S.A. de C.V. La Esperanza de la Cincuenta S.C. de R.L. de C.V. La Fortaleza Horticultura S.P.R. de R.L. La Lajilla S.P.R. de R.L. La Odisea S.P.R. de R.L. La Pradera Mixteca S. de P.R. de R.L. La Saucedo de Villagran S.P.R. de R.L. de C.V. Laguna Yure Agroconversiones S.P.R. de R.L. Land Produce S.A. de C.V. Landeros/palazuelos/eduardo Las Tablas Mg S.P.R. de R.L. de C.V. Lauro Garcia Aguilera S.P.R. de R.L. de C.V. Lca California Sas de Cv Legomo Invernaderos S.P.R. de R.L. Llano de Andaracua S. de P.R. de R.L. L'orticello S.A. de C.V. Los Arcos Casa Verde S.P.R. de R.L. de C.V. Los Cardones Agroproductora S. de R.L. de C.V. Los Girasoles de Juarez S.P.R. de R.L. Los Rancheros S.C. de P. de R.L. Los Toyos y los Yoricas S.P.R. de R.L. Luciano Gonzalo Becerra Luis Arnulfo Labrada Rodriguez Luis Mario Covarrubias Hernandez Luis Rene Galvan Parra M&M Mr Fresh S. de P.R. de R.L. de Cv Magpa S.A. de C.V. (el Rosario Produce S. de P.R. de R.L.) Maquillas e Hibridacion Gastelum S.A. de C.V. Mar Azul Bc S.P.R. de R.L. Mar Bran S.A. de C.V. Marcos Produce Organic S. de R.L. de C.V. Marengo del Humaya S.A. de C.V. Maria del Carmen Camacho Higuera Maria Honorina Guido Cardenas Mazagrow S.P.R. de R.L. Mca Organics S.A. de C.V. Megran S.P.R. de R.L. Mexia Produce S.P.R. de R.L. Miguel Flores Fresh S. de R.L. de C.V. Mixteca Foods S.A. de C.V. Mocson Farms S.A. de C.V. Modesto Sánchez Gonzalez Monterrosas/robles/rosario Elizabeth Moreno Produce, S.p.r. de R.L. Morzana S.A. de C.V. Mr Z Farms S.A. de C.V. Munguia Produce S.A. de C.V. Munguia/rodriguez/Jesús Enrique Myl Produce S. de R.L. Nacional Proveedora de Hortalizas S.A. de C.V. Naranjas Selectas S.A. de C.V. Natura Quality Foods S.P.R. de R.L. de C.V. Natural Farmer S. de R.L. de C.V. Natural Food Planet S.A.P.I. de C.V. Natural Fruits Of America S.A. de C.V.	

	Period to be reviewed
Natural Valley S. de R.L. de C.V. Naturbell S.P.R. de R.L. Nature Select S.A. de C.V. Naturesweet Comercializadora S. de R.L. de C.V. Naturesweet Invernaderos S. de R.L. de C.V. Navarrete & Villa Produce S.a. de C.v. Negocio Agrícola San Enrique S.A. de C.V. Ng Group Jc S.A. de C.V. Nona Products S.A. de C.V. Novantum Produce S.A. de C.V. Nr Alimentos S.A. de C.V. Nueva Agrícola Florencia S.A. de C.V. Nueva Agronomía Nayarit S.A. de C.V. Nueva Yamal S.A. de C.V. Nutree Tech S.A. de C.V. Olympo Farms S.A. de C.V. Opus Farms S.P.R. de R.L. de C.V. Organic Farm S. de P.R. de R.L. Organic Hill S.P.R. de R.L. Organic Mist S. de R.L. de C.V. Orgánico de California S. de R.L. de C.V. Orgánico Mira S.A. de C.V. Orozco/luna/roberto Ortikol S.P.R. de R.L. Oscar Jimenez Diaz Oscar Rodriguez Zamudio Pablo Calles Mercado Pachecos Produce S.P.R. de R.L. Pacific Flavor Produce S.P.R. de R.L. Palo Verde Organics S.P.R. de R.L. Paredes Gaxiola Farms S.A.P.I. de C.V. Paredes Growers S.A.P.I. de C.V. Parras Valley S.P.R. de R.L. de C.V. Pebble Peppers S.P.R. de R.L. Pimientos Selectos S.A. de C.V. Plant Factory S.A.P.I. de C.V. Pramel Invernaderos S.P.R. de R.L. de C.V. Predio el Talayote S. de P.R. de R.L. Premier Frutos de Calidad S.A. de C.V. Premier Frutos del Campo S.A. de C.V. Primor Produce S. de R.L. Procampex S. de R.L. Prodapac S. de R.L. de C.V. Prodesa Agropecuaria S.P.R. de R.L. Produce Connection Mexico S.A. de C.V. Produce Consolidation Services S. de R.L. de C.V. Producir la Concha S.p.r. de R.L. Production Padre Kino S.A. de C.V. Productomat S.P.R. de R.L. de C.V. Productora Agrícola Albarran S.P.R. de R.L. Productora Agrícola de Aguascalientes S. de P.R. de R.L. Productora Agrícola Florencia S.A. de C.V. Productora Agrícola Greeneearth de Mexico S. de P.R. de R.L. de Cv Productora Agrícola Industrial del Noroeste S.A. de C.V. Productora Agrícola los Alamos S.P.R. de R.L. Productora Agrícola Olesur S.P.R. de R.L. Productora Agrícola Poca Luz S.C. de R.L. de C.V. Productora Agrícola Sodi S.A. de C.V. Productora Agrícola Zenil S.P.R. de R.L. Productora de Tomates Chinitos S.C. de R.L. de C.V. Productora Fuce del Bajío S.P.R. de R.L. de C.V. Productora Hortícola Alboro Export S.P.R. de R.L. Productora los Juanes S.P.R. de R.L. Productora Sweet Earth S. de R.L. de C.V. Productora y Comercializadora Agrícola Hortidervi S.P.R. de R.L. Productora y Comercializadora los Pilares S.P.R. de R.L. Productora y Distribuidora de Frutos de Invernadero Hermanos Cortes S.P.R. de R.L. de C.V. Productores Agrícola la Florida S. de P.R. de R.L. Productores Agrícolas del Valle de San José S.P.R. de R.L. Productores de Alimentos Frescos de Arista S.A. de C.V. Productores de Hortalizas Corredor 57 S.P.R. de R.L. Productores de Hortalizas la Encomienda S.P.R. de R.L. Productores de Hortalizas Teontepec S.P.R. de R.L.	

	Period to be reviewed
Productores de Hortalizas y Similares de Miguel Aleman S.C. de R.L. de C.V. Productores de Hortalizaz la Bondad S.P.R. de R.L. Productores Hrg S.A. de C.V. Productores Integrados los Pastores S.P.R. de R.L. Productores los Constantinos del Valle de Cristo Rey S.P.R. de R.I. Productores Nuñez Campos S.P.R. de R.L. Productores Orgánicos del Cabo S de S.S. de R.L. de C.V. Productores Orgánicos Tepentu Sociedad de Solidaridad Social de RI de Cv Productores Tomatul S.C. de P. de R.L. de Cv Productos Agricharcos S.P.R. de R.L. de C.V. Productos Agropecuarios San Carlos S.P.R. de R.L. Productos Alimenticio del Campo Gr S.A. de C.V. Productos de Embalaje Obregón S.A. de C.V. Productos del Campo Hnos Gomez S.P.R. de R.L. de C.V. Productos del Campo las Tortugas S.P.R. de R.L. Productos del Campo Oca S.A. de C.V. Productos e Insumos Triple a S.A. de C.V. Productos Selectos Anavale S.A. de C.V. Productos Selectos la Aurora, S.c. de R.I. de C.v. Productos Selectos Marroko S.A. de C.V. Promex de Tlapanala S.P.R. de R.L. Promota Agroindustrial y Comercial del Tamazula S.P.R. de R.L. de C.V. Proersal de Celaya S. de R.L. de C.V. Proyecto Agroindustrial Fondo Vivo S.A.P.I. de C.V. Puerto de la Florida S. de P.R. de R.L. Pulgar Co S. de R.L. de C.V. Punta Colonet San Telmo S.P.R. de R.I. Pv Citrics S.A. de C.V. R & Lb Enterprises, L.I.c. Dbá Magenta Produce/hortiagro del Pacifico S.a. de C.v. Rancho Acuicola Elixir S.A. de C.V. Rancho Agrícola las Cabras S.P.R. de R.L. de C.V. Rancho Cardenas S. de R.L. de C.V. Rancho Chavollas S.P.R. de R.L. de C.V. Rancho Don Juanito S. de R.L. de C.V. Rancho el Noventa S.P.R. de R.I. Rancho el Partner S.P.R. de R.L. Rancho el Poyequi S.P.R. de R.I. Rancho Fresco S.A. de C.V. Rancho Fresco Str S.A. de C.V. Rancho Jale S. de P.R. de R.L. Rancho Jazmin Produce S. de R.L. de C.V. Rancho la Memoria S. de R.L. de C.V. Rancho las Aguilas S.P.R. de R.L. de C.V. Rancho los Mogotes S.P.R. de R.L. Rancho Lucero S.P.R. de R.L. Rancho Medio Kilo S. de P.R. de R.L. Rancho Nuevo Produce S.A. de C.V. Rancho San Francisco de los Charcos S.P.R. de R.L. Rancho Santa Coloma S.P.R. de R.L. Raul Leonardo Mendoza Vargas Rex Produce de Mexico S.A. de C.V. Rising Farms S.A.P.I. de C.V. Roberto Orozco Luna Roca Productores Horticolas S.A. de C.V. Rogelio Casillas Arechiga Rosario Antonio Beltran Ureta San Antonio Agricultura Moderna S.P.R. de R.L. San Jorge Green Hill S. de R.L. de C.V. San José y Su Agricultura S.A. de C.V. San Miguel Red Sun Farms S.P.R. de R.L. de C.V. San Vicente Camalu S. de P.r. de R.I. Sánchez/meza/said Abraham Santa Maria Buaraje S.P.R. de R.S. Santa Maria Organics S.A. de C.V. Santa Sofia Hortícola S.A. de C.V. Saul Martin Flores Dominguez Saulito Produce S.P.R. de R.I. Sb Produce S.A. de C.V. Selarom Invernaderos S.P.R. de R.L. Selectos Don Raul S. de R.L. de C.V. Sergio Solis Flores Serpex Servicios para Extraccion y Producción de Petroleo S.A. de C.V. Servicios Agropecuarios del Villar S.A. de C.V.	

	Period to be reviewed
Sevaga S. de P.R. de R.L. Sierra Pack S.P.R. de R.L. de C.V. Sinai Karina Garcia Ortega Sip Invernaderos S.P.R. de R.L. Sistemas de Producción Intensiva del Noroeste S. de R.L. de C.V. Sistemas Operativos Agroindustriales S.P.R. de R.L. Sm Invernaderos S. de R.L. de C.V. Smart Agrofresh S.A. de C.V. Soc Prod Rural RI el Nazario S.P.R. de R.L. de C.V. Sociedad de Producción Nidia Edith S.P.R. de R.L. Sociedad de Productores Agrícolas de Hortalizas San Rafael Galeana Nuevo Leon S.P.R. de R.L. de C.V. Sociedad Hidroponía de Tlapanala S.P.R. de R.L. de C.V. Solar Garden S.A. de C.V. Solidez Yaqui S.P.R. de R.L. Solis/flores/perla Guadalupe Soluciones Dinamicas de Importacion S.A. de C.V. South Baja Specialtyes Growers S. de R.L. de C.V. Starr del Noroeste S.P.R. de R.L. de C.V. Stm Produce S.P.R. de R.L. de C.V. Sunfun Organics S.A. de C.V. Sunny Fields S.A.P.I. de C.V. Sunrise Greenhouses S.P.R. de R.L. de C.V. Suntastic/Huron Produce Susana Alejandra Meza Bravo Sweet Tomatoes S.P.R. de R.L. Tecnocomercial Omega S.A. de C.V. Tecnocultivos del Norte S.P.R. de R.L. Terra Nova Fresh Produce S. de R.L. de C.V. Terrafina S.A. de C.V. Terragrose S.P.R. de R.L. de C.V. The Produce Exchange Inc/Agrícola Ursomex S. de R.L. de C.V.. Tom Frog S.P.R. de R.L. de C.V. Tomatera Hermanos Gomez S.P.R. de R.L. Tomates Certificados del Valle S.P.R. de R.L. de C.V. Tomates Peninsulares S. de R.L. de C.V. Tomates Selectos del Oriente S.P.R. de R.L. Tomatlan Productions & Vegetables S.P.R. de R.L. Tomeiko Country S.A. de C.V. Tp Grower S.A. de C.V. Trima Comercializadora de Hortalizas S.A. de C.V. Union de Cooperativas Agropecuarias Hortiparque S.C. de R.L. de C.V. Unionharvest Integradora S.A. de C.V. United Greenhouses Of Ajuchitlan S.P.R. de R.L. de C.V. Uraqi S.A. de C.V. Valle Creciente S.P.R. de R.L. de C.V. Valle de Salud S.P.R. de R.L. Valleland Crop S.P.R. de R.L. de C.V. Valores Horticolas del Pacifico S.A. de C.V. Vega/davila/federico Vegetales Dona Lilia S.A. de C.V. Vegetales Orgánicos Maria Isabel S.P.R. de R.L. Veg-Ex S. de R.L. de C.V. Veggie Farm S.P.R. de R.L. de C.V. Veggie Prime S.A.P.I. de C.V. Verde Limon S.P.R. de R.L. Verdi Fresh Sma S.A.P.I. de C.V. Vicame Hortícola S.P.R. de R.L. Villaz Agricultura Organica S.A.P.I. de C.V. Viñedo Maria Alejandra S.A. de C.V. Viñedos Alta S.A. de C.V. Viñedos Potosinos el Sureño S.P.R. de R.L. de C.V. Vitanova Fresh Produce S. de R.L. de C.V. Vitri Hortalizas de la Laguna S.P.R. de R.L. de C.V. Vitrilag S.P.R. de R.L. de C.V. Viva Organica S. de R.L. de C.V. Vk Internacional Trading Co, S.A. de C.V. Walter Latofski Walter Martin Latofski Schoen Wenceslao Colunga Ruiz Wholesum Family Farms Inc/unionharvest Integradora, S.a. de C.v. Wph Internacional S.A. de C.V. Yagrow S.P.R. de R.L. de C.V. Yerevan Farms S. de R.L. de C.V.	

	Period to be reviewed
Zahi Farms S.A. de C.V. Znova Agroindustrias Zp Farms S.A. de C.V.	
Oman: Certain Steel Nails, A-523-808	7/1/25-6/30/26
Al Ansari Teqmark LLC Al Kiyumi Global LLC Al Sarah Building Materials LLC Astrotech Steels Private Ltd. Buraimi Iron & Steel, LLC CL Synergy (Pvt) Ltd. Diamond Foil Trading LLC Geekay Wires Ltd. Gulf Nails LLC Gulf Nails Manufacturing, LLC Gulf Steel Manufacturers, LLC Modern Factory for Metal Products Llc. Muscat Industrial Company, LLC Muscat Nails Factory Golden Asset Trade, LLC Oman Fasteners LLC Oman Ocean Trading LLC Omega Global Uluslararası Overseas International Steel Industry, LLC Platinum Fasteners Swift Freight India Private Ltd. Trinity Steel Pvt. Ltd. WWL Indian Private Ltd	
Poland: Dioctyl Terephthalate, ⁵ A-455-808	11/5/24-4/30/26
Grupa Azoty Zakłady Azotowy	
Portugal: Certain Paper Shopping Bags, A-471-808	7/1/25-6/30/26
Finieco Indústria e Comércio de Embalagens, S.A. Industria de Diseno Textil, S.A	
Republic of Korea: Certain Steel Nails, A-580-874	7/1/25-6/30/26
Daejin Steel Company Duo-Fast Korea Co., Ltd. Hanmi Staple Co., Ltd. Je-il Wire Production Co., Ltd. Jinheung Steel Corporation Jinsco Co., Ltd. Jinsco International Corp. Koram Inc. Korea Wire Co., Ltd. Nailtech Co., Ltd. The Inno Steel YouOne Fastening System	
Republic of Korea: Corrosion-Resistant Steel Products, A-580-878	7/1/25-6/30/26
Aju Steel Co., Ltd DK Dongshin Dongbu Incheon Steel Co., Ltd Dongkuk Coated Metal Co., Ltd. Dongkuk Steel Mill Co., Ltd. Hyundai Steel Company Hyundai Steel Company KG Dongbu Steel Co., Ltd. KG Steel Corporation POSCO POSCO Coated & Color Steel Co., Ltd., POSCO International Corporation POSCO STEELEON Co., Ltd. SeAH Coated Metal Corporation SeAH Steel Corporation	
Republic of Korea: Passenger Vehicle and Light Truck Tires, A-580-908	7/1/25-6/30/26
Hankook Tire & Technology Co., Ltd. Hankook Tire America Corp. Kumho Tire Co., Inc. Nexen Tire America, Inc. NEXEN TIRE Corporation	
Republic of Türkiye: Steel Concrete Reinforcing Bar, A-489-829	7/1/25-6/30/26
Colakoglu Dis Ticaret A.S.; Colakoglu Metalurji A.S. Habas Sinai ve Tibbi Gazlar Istihsal Endustrisi A.S Icdas Celik Enerji Tersane ve Ulasim A.S. Kaptan Demir Celik Endustrisi ve Ticaret A.S.	
Socialist Republic of Vietnam: Certain Steel Nails, A-552-818	7/1/25-6/30/26
Anhui Sunwell Products Co. Ltd.	

	Period to be reviewed
Arrow Fastener Co., LLC Atlantic Manufacture Inc. Chin Well Fasteners (Vietnam) Company Limited Come Best (Thailand) Co., Ltd. Công Ty Cô Phần Công Nghiệp Co. Detchun Vietnam Joint Stock Company Dinh Nguyen Service Trading Production Co. Ltd. Easy Link Industrial Co. Ltd. Fastening Care Fasternight Inc. Finefix Fasteners Inc. Geekay Wires Limited Glorious Building Material (Cambodia) Co., Ltd. GreatStar Industrial Vietnam Co., Ltd. Hiep Dat Dong Nai Corporation Hip Ying Development (Cambodia) Co. Hong De New Material Co., Ltd. Inmax Industries Sdn., Bhd. Jinhai Hardware Co., Ltd. Kim Hoang Industrial Nails Production and Trading Service Co. Ltd. KPF Vietnam Co., Ltd. KPF Vina Co., Ltd. Region Industries Co., Ltd. Shark Industry Co., Ltd. Siêu Thị Bulong Inox Chi Niêm Storeit Services LLP Test-Rite Int'l Co., Ltd. The Inno Steel Co., Ltd. Topy Fasteners Vietnam Co., Ltd. Vina Hardwares J.S.C.	
Taiwan: Certain Paper Shopping Bags, A-583-872 Chung Tai Bag King Corporation Chyan Tay International Corp. Edinson Corporation Haur Tyi Paper Bag Co., Ltd. Toolworks International Ltd. Xiamen Yasili Trade Co., Ltd. Zheng Da Paper Industry Co., Ltd	7/1/25-6/30/26
Taiwan: Certain Steel Nails, A-583-854 Advanced Global Sourcing Ltd. Allwin Architectural Hardware Inc Asia Engineered Components & Assembly Co., Ltd. Chin Lih Hsing Precision Enterprise Co., Ltd. Chin Tai Sing Precision Manufactory Co., Ltd. Chunyu Factory Co., Ltd. Clinching Fasteners Co., Ltd. Create Trading Co., Ltd. Cool Shot Ltd. Easylink Industrial Co., Ltd. Encore Green Co., Ltd. Fang Sheng Screw Co., Ltd Fwang Tzay Enterprise Corp Herstel Trading Limited. Home Value Co., Ltd. Hsi Yi Enterprise Co. Ltd. Hsin Ho Mfg. Co., Ltd. Hoyi Plus Co., Ltd. JCH Hardware Company, Inc. Joker Industrial Co., Ltd. Kenlon International Co., Ltd. Leading Hardware Corporation. Lu Chu Shin Yee Works Co., Ltd. Ninomae Creative Technology Corp. Ocean Bridge Export Inc. Panther T & H Industry Co., Ltd Perfect Seller Co., Ltd. Phoenix Merchandise Inc. Pin-Jia Enterprise Co. Quick Advance Inc. Rexlen Corporation. Sanji Co., Ltd. Sealink Hardware Inc. Sourcing Metrics Ltd.	7/1/25-6/30/26

	Period to be reviewed
Techtronic Cordless Gp—Macau Branch. Test Rite International Co., Ltd. TG Co., Ltd Xiamen Huiyu Chemical Trading Co. Yeun Chang Hardware Tool Co., Ltd.	
Taiwan: Corrosion-Resistant Steel Products, A-583-856	7/1/25-6/30/26
China Steel Corporation Chung Hung Steel Corporation Great Fortune Steel Co., Ltd. Great Grandeul Steel Co., Ltd. Great Grandeul Steel Company Limited (Samoa) Great Grandeul Steel Corporation Prosperity Tieh Enterprise Co., Ltd. Sheng Yu Steel Co., Ltd. Xxentria Technology Materials Company Ltd.	
Taiwan: Passenger Vehicle and Light Truck Tires, A-583-869	7/1/25-6/30/26
Cheng Shin Rubber Ind. Co. Ltd. Kenda Rubber Ind. Co., Ltd.	
Taiwan: Polyethylene Terephthalate (PET) Film, A-583-837	7/1/25-6/30/26
Nan Ya Plastics Corporation Shinkong Materials Technology Corporation Shinkong Materials Technology Co. Shinkong Synthetic Fibers Corporation	
Thailand: Citric Acid And Certain Citrate Salts, A-549-833	7/1/25-6/30/26
COFCO Biochemical (Thailand) Co., Ltd. Sunshine Biotech International Co., Ltd. Xitrical Group Co., Ltd.	
Thailand: Passenger Vehicle and Light Truck Tires, A-549-842	7/1/25-6/30/26
Deestone Corporation Public Company Limited Deestone International Company Limited Deestone Limited General Rubber (Thailand) Co., Ltd. Maxxis International (Thailand) Co. Ltd. Otani Radial Co., Ltd. Otani Tire Co., Ltd. Sentury Tire (Thailand) Co., Ltd. Siam Rubber Co., Ltd. Siamtruck Radial Company Limited S.R. Tyres Co., Ltd. Sumitomo Rubber (Thailand) Co., Ltd. Svizz-One Corporation Limited Vee Tyre & Rubber Co., Ltd Zhongce Rubber (Thailand) Co. Ltd.	
The People's Republic of China: Certain Freight Rail Couplers and Parts Thereof, A-570-145	7/1/25-6/30/26
ASF-K de Mexico S. de R.L. de C.V. Chongqing Tongyao Intelligent Equipment Co., Ltd. Chongqing Tongyao Transportation Equipment Co., Ltd. Greenbrier Concaril S.A. de C.V. Gunderson-Concaril S. de R.L. de C.V. Gunderson-GIMSA S.A. de C.V.	
The People's Republic of China: Vanillin, A-570-172	1/16/25-6/30/26
Jiaxing Guihua Imp. & Exp. Co., Ltd.	
The People's Republic of China: Xanthan Gum, A-570-985	7/1/25-6/30/26
Deosen Biochemical (Ordos) Ltd. Inner Mongolia Jianlong Biochemical Co., Ltd Jianlong Biotechnology Co. Ltd. Jilin Meihua Amino Acid Co., Ltd. Langfang Meihua Biotechnology Co., Ltd. Meihua Group International Trading (Hong Kong) Limited Neimenggu Fufeng Biotechnologies Co., Ltd. Shandong Fufeng Fermentation Co., Ltd Xinjiang Fufeng Biotechnologies Co., Ltd. Xinjiang Meihua Amino Acid Co., Ltd.	
Ukraine: Oil Country Tubular Goods, A-823-815	7/1/25-6/30/26
Interpipe Europe S.A.; Interpipe Ukraine LLC; LLC Interpipe Niko Tube; North American Interpipe, Inc.; PJSC Interpipe Nizhnedneprovskv Tube Rolling Plant	
CVD Proceedings	
India: Carbon and Alloy Steel Threaded Rod, ⁶ C-533-888	1/1/25-12/31/25
Aadi Shree Fastener Industries Babu Exports Bee Dee Cycle Industries of India Concept Fasteners	

	Period to be reviewed
Daksh Fasteners Goodgood Manufacturers J.D. Fasteners Kapson India Kanika Fasteners Private Limited Kanika Exports Maharaja International Mangal Steel Enterprise Limited Nishant Steel Industries RK Fasteners Shree Luxmi Fasteners	
India: Certain Paper Shopping Bags, C-533-918	1/1/25-12/31/25
Ckaari Packaging Private Limited	
India: Polyethylene Terephthalate (PET) Film, C-533-825	1/1/25-12/31/25
Chiripal Poly Films Limited	
Cosmo First Limited; Cosmo Speciality Chemicals Private Limited	
Ester Industries, Ltd.	
Garware Hi-Tech Films Limited	
Garware Polyester Limited	
JPFL Films Private Limited; Jindal Poly Films Limited; Jindal Poly Films Ltd. (India)	
Polyplex Corporation, Ltd.	
SRF Limited; SRF Limited of India	
Vacmet India Ltd., Vacmet	
Italy: Certain Pasta, C-475-819	1/1/25-12/31/25
De Matteis Agroalimentare S.p.A.; De Matteis Costruzioni S.r.l.; De Matteis Natural Food Srl. ⁷	
La Doria S.p.A.	
La Doria Pasta PL S.r.l	
Republic Of Korea: Corrosion-Resistant Steel Products, C-580-879	1/1/25-12/31/25
Aju Steel Co., Ltd.	
DK Dongshin	
Dongkuk Coated Metal Co., Ltd.	
Hyundai Steel; Hyundai Steel Co., Ltd.; Hyundai Steel Company	
KG Steel Corporation; KG Dongbu Steel Co., Ltd.	
POSCO	
POSCO Coated & Color Steel Co., Ltd.	
POSCO International	
POSCO Steeleon Co., Ltd.	
Socialist Republic of Vietnam: Certain Steel Nails, C-552-819	1/1/25-12/31/25
Anhui Sunwell Products Co. Ltd.	
Arrow Fastener Co., LLC	
Atlantic Manufacture Inc.	
Chin Well Fasteners (Vietnam) Company Limited	
Come Best (Thailand) Co., Ltd.	
Công Ty Cổ Phần Công Nghiệp Co.	
Detchun Vietnam Joint Stock Company	
Dinh Nguyen Service Trading Production Co. Ltd.	
Easy Link Industrial Co. Ltd.	
Fasternight Inc.	
Geekay Wires Limited	
Glorious Building Material (Cambodia) Co., Ltd.	
Hiep Dat Dong Nai Corporation	
Hong De New Material Co., Ltd.	
Inmax Industries Sdn., Bhd.	
Jinhai Hardware Co., Ltd.	
Kim Hoang Industrial Nails Production and Trading Service Co. Ltd	
KPF Vietnam Co., Ltd.	
KPF Vina Co., Ltd.	
Region Industries Co., Ltd.	
Shark Industry Co., Ltd.	
Siêu Thị Bulong Inox Chì Niêm	
Storeit Services LLP	
The Inno Steel Co., Ltd.	
Topy Fasteners Vietnam Co., Ltd.	
Vina Hardware J.S.C.	
Socialist Republic of Vietnam: Passenger Vehicle and Light Truck Tires, C-552-829	1/1/25-12/31/25
Kenda Rubber (Vietnam) Co. Ltd	
Kumho Tire (Vietnam) Co., Ltd	
Kumho Tire Co., Inc.	
The People's Republic of China: Certain Freight Rail Couplers and Parts Thereof, C-570-146	1/1/25-12/31/25

ASF-K de Mexico S. de R.L. de C.V. Chongqing Tongyao Intelligent Equipment Co., Ltd. Chongqing Tongyao Transportation Equipment Co., Ltd. Greenbrier Concarril S.A. de C.V. Gunderson-Concarril S. de R.L. de C.V. Gunderson-GIMSA S.A. de C.V. Republic of Türkiye: Carbon and Alloy Steel Wire Rod, ⁸ C-489-832 Diler Dis Ticaret A.S.	1/1/25–12/31/25

Suspension Agreements

None.

Duty Absorption Reviews

During any administrative review covering all or part of a period falling between the first and second or third and fourth anniversary of the publication of an AD order under 19 CFR 351.211 or a determination under 19 CFR 351.218(f)(4) to continue an order or suspended investigation (after sunset review), Commerce, if requested by a domestic interested party within 30 days of the date of publication of the notice of initiation of the review, will determine whether antidumping duties have been absorbed by an exporter or producer subject to the review if the subject merchandise is sold in the United States through an importer that is affiliated with such exporter or producer. The request must include the name(s) of the exporter or producer for which the inquiry is requested.

Gap Period Liquidation

For the first administrative review of any order, there will be no assessment

of antidumping or countervailing duties on entries of subject merchandise entered, or withdrawn from warehouse, for consumption during the relevant “gap” period of the order (*i.e.*, the period following the expiry of provisional measures and before definitive measures were put into place), if such a gap period is applicable to the POR.

Administrative Protective Orders and Letters of Appearance

Interested parties must submit applications for disclosure under administrative protective orders in accordance with the procedures outlined in Commerce’s regulations at 19 CFR 351.305. Those procedures apply to administrative reviews included in this notice of initiation. Parties wishing to participate in any of these administrative reviews should ensure that they meet the requirements of these procedures (*e.g.*, the filing of separate letters of appearance as discussed at 19 CFR 351.103(d)).

Factual Information Requirements

Commerce’s regulations identify five categories of factual information in 19 CFR 351.102(b)(21), which are summarized as follows: (i) evidence submitted in response to questionnaires; (ii) evidence submitted in support of allegations; (iii) publicly available information to value factors under 19 CFR 351.408(c) or to measure the adequacy of remuneration under 19 CFR 351.511(a)(2); (iv) evidence placed on the record by Commerce; and (v) evidence other than factual information described in (i)–(iv). These regulations require any party, when submitting factual information, to specify under which subsection of 19 CFR 351.102(b)(21) the information is being submitted and, if the information is submitted to rebut, clarify, or correct factual information already on the record, to provide an explanation identifying the information already on the record that the factual information seeks to rebut, clarify, or correct. The regulations, at 19 CFR 351.301, also provide specific time limits for such factual submissions based on the type of factual information being submitted.

Please review the *Final Rule*,⁹ available at <https://www.govinfo.gov/content/pkg/FR-2013-07-17/pdf/2013-17045.pdf>, prior to submitting factual information in this segment. Note that Commerce has amended certain of its requirements pertaining to the service of documents in 19 CFR 351.303(f).¹⁰

Any party submitting factual information in an AD or CVD proceeding must certify to the accuracy and completeness of that information using the formats provided at the end of the *Final Rule*.¹¹ Commerce intends to reject factual submissions in any proceeding segments if the submitting party does not comply with applicable certification requirements.

Extension of Time Limits Regulation

Parties may request an extension of time limits before a time limit established under Part 351 expires, or as otherwise specified by Commerce.¹² In general, an extension request will be considered untimely if it is filed after the time limit established under Part 351 expires. For submissions which are due from multiple parties simultaneously, an extension request will be considered untimely if it is filed after 10:00 a.m. on the due date. Examples include, but are not limited to: (1) case and rebuttal briefs, filed pursuant to 19 CFR 351.309; (2) factual information to value factors under 19 CFR 351.408(c), or to measure the adequacy of remuneration under 19 CFR 351.511(a)(2), filed pursuant to 19 CFR 351.301(c)(3) and rebuttal, clarification and correction filed pursuant to 19 CFR 351.301(c)(3)(iv); (3) comments concerning the selection of a surrogate

⁹ See *Certification of Factual Information To Import Administration During Antidumping and Countervailing Duty Proceedings*, 78 FR 42678 (July 17, 2013) (*Final Rule*); see also the frequently asked questions regarding the *Final Rule*, available at <https://www.trade.gov/sites/default/files/2026-08/FAQ%20for%20Certifications.pdf?v=1788270933909>.

¹⁰ See *Administrative Protective Order, Service, and Other Procedures in Antidumping and Countervailing Duty Proceedings; Final Rule*, 88 FR 67069 (September 29, 2023).

¹¹ See section 782(b) of the Act; see also *Final Rule*; and the frequently asked questions regarding the *Final Rule*, available at <https://www.trade.gov/sites/default/files/2026-08/FAQ%20for%20Certifications.pdf?v=1788270933909>.

¹² See 19 CFR 351.302.

⁴ In the initiation notice that published on August 10, 2026 (91 FR 51436), Commerce inadvertently listed Salem Steel N.A., LLC, a U.S. importer of subject merchandise, as a company under administrative review. Commerce hereby clarifies that Salem Steel N.A., LLC is not subject to review.

⁵ Commerce initiated this review on July 9, 2026 (see *Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 91 FR 42410 (July 9, 2026)). However, we inadvertently published the incorrect POR with the correct case name, case number, and company under review. Therefore, we are correcting the POR only in this notice.

⁶ Commerce inadvertently combined Kanika Fasteners Private Limited and Kanika Exports into a single entity, and incorrectly reproduced one company name, Shree Luxmi Fasteners, in the initiation notice that published on June 2, 2026. See *Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 91 FR 32928, 32931 (June 2, 2026). Commerce is correcting those errors in this notice.

⁷ Commerce previously found that De Matteis Agroalimentare S.p.A. is cross-owned with De Matteis Costruzioni S.r.l. and De Matteis Natural Food Srl. See *Certain Pasta From Italy: Final Results of Countervailing Duty Administrative Review*; 2023, 91 FR 46670 (July 24, 2026).

⁸ Commerce initiated this review on July 9, 2026 (see *Initiation of Antidumping and Countervailing Duty Administrative Reviews*, 91 FR 42410 (July 9, 2026)). However, we inadvertently published the incorrect case name with the correct case number, POR, and company under review. Therefore, we are correcting the case name only in this notice.

country and surrogate values and rebuttal; (4) comments concerning CBP data; and (5) Q&V questionnaires. Under certain circumstances, Commerce may elect to specify a different time limit by which extension requests will be considered untimely for submissions which are due from multiple parties simultaneously. In such a case, Commerce will inform parties in the letter or memorandum setting forth the deadline (including a specified time) by which extension requests must be filed to be considered timely. This policy also requires that an extension request must be made in a separate, standalone submission, and clarifies the circumstances under which Commerce will grant untimely-filed requests for the extension of time limits. Please review the *Final Rule*, available at <https://www.gpo.gov/fdsys/pkg/FR-2013-09-20/html/2013-22853.htm>, prior to submitting factual information in these segments.

Notification to Interested Parties

These initiations and this notice are in accordance with section 751(a) of the Act (19 U.S.C. 1675(a)) and 19 CFR 351.221(c)(1)(i).

Dated: September 1, 2026.

Scot Fullerton,

Acting Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations.

[FR Doc. 2026–18185 Filed 9–3–26; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–583–844]

Narrow Woven Ribbons with Selvedge From Taiwan: Final Results of Antidumping Duty Administrative Review; 2023–2024

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

SUMMARY: The U.S. Department of Commerce (Commerce) determines that producers/exporters subject to this review made sales of subject merchandise at less than normal value (NV) during the period of review (POR), September 1, 2023, through August 31, 2024.

DATES: Applicable September 4, 2026.

FOR FURTHER INFORMATION CONTACT:

Christopher Maciuba, AD/CVD Operations, Office II, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue

NW, Washington, DC 20230; telephone: (202) 482–5058.

SUPPLEMENTARY INFORMATION:

Background

This review covers two producers/exporters of the subject merchandise: Lace Fashions Industrial Co., Ltd. and Trydent Co., Ltd. On September 5, 2025, Commerce published the *Preliminary Results* and invited comments from interested parties.¹ No interested party submitted comments. On May 6, 2026, Commerce placed additional data on the record and solicited comments from interested parties;² no interested parties commented. On August 13, 2026, Commerce issued a post-preliminary analysis memorandum and invited interested parties to submit comments.³ No interested parties provided comments. Commerce conducted this administrative review in accordance with section 751(a) of the Tariff Act of 1930, as amended (the Act).

Scope of the Order⁴

The merchandise subject to the *Order* is narrow woven ribbons with woven selvedge (ribbons) from Taiwan. For a complete description of the scope of the *Order*, see the *Preliminary Results*.⁵

Final Results of Review

We received no comments and, apart from the adverse facts available dumping margin calculated in the Post-Preliminary Memorandum,⁶ are making no changes from the *Preliminary Results*. Therefore, as a result of this review, we continue to determine that the following weighted-average dumping margin exists for the period September 1, 2023, through August 31, 2024.

¹ See *Narrow Woven Ribbons with Woven Selvedge from Taiwan: Preliminary Results and Rescission, in Part, of Antidumping Duty Administrative Review; 2023–2024*, 90 FR 42931 (September 5, 2025) (*Preliminary Results*), and accompanying Preliminary Decision Memorandum (PDM).

² See Memorandum, “Placing Taiwanese Export Data on the Record,” dated May 6, 2026.

³ See Memorandum, “Post-Preliminary Analysis Memorandum,” dated August 13, 2026 (Post-Preliminary Memorandum).

⁴ See *Narrow Woven Ribbon with Woven Selvedge from Taiwan and the People’s Republic of China: Antidumping Duty Order*, 75 FR 53632 (September 1, 2010); see also *Narrow Woven Ribbons with Woven Selvedge from Taiwan and the People’s Republic of China: Amended Antidumping Duty Orders*, 75 FR 56982, 56985 (September 17, 2010) (collectively, *Order*).

⁵ See *Preliminary Results* PDM at 3–5.

⁶ See Post-Preliminary Memorandum at 3.

Producer/exporter	Weighted-average dumping margin (percent)
Lace Fashions Industrial Co., Ltd	83.67
Trydent Co., Ltd	83.67

Disclosure

Normally, Commerce discloses to interested parties the calculations performed in final results within five days of any public announcement or, if there is no public announcement, within five days of the date of publication of the notice of final results in the **Federal Register**, in accordance with 19 CFR 351.224(b). However, because Commerce made no changes from the Post-Preliminary Analysis, there are no calculations to disclose.

Assessment Rates

Pursuant to section 751(a)(2)(A) of the Act and 19 CFR 351.212(b)(1), Commerce will determine, and U.S. Customs and Border Protection (CBP) shall assess, antidumping duties on all appropriate entries of subject merchandise covered by this review.

In accordance with Commerce’s “automatic assessment” practice, for entries of subject merchandise during the POR produced by the respondents for which they did not know that the merchandise was destined for the United States, we intend to instruct CBP to liquidate those entries at the all-others rate calculated in the less-than-fair-value (LTFV) investigation if there is no rate for the intermediate company(ies) involved in the transaction.

Commerce intends to issue assessment instructions to CBP no earlier than 35 days after the date of publication of the final results of this review in the **Federal Register**. If a timely summons is filed at the U.S. Court of International Trade, the assessment instructions will direct CBP not to liquidate relevant entries until the time for parties to file a request for a statutory injunction has expired (*i.e.*, within 90 days of publication).

Cash Deposit Requirements

The following deposit requirements will be effective for all shipments of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the publication date of the final results of this administrative review, as provided by section 751(a)(2)(C) of the Act: (1) the cash deposit rate for the companies listed above will be that established in

the final results of this review; (2) for previously investigated or reviewed companies not covered by this review but covered in a prior segment of this proceeding, the cash deposit rate will continue to be the company-specific cash deposit rate published for the most recently completed segment of this proceeding in which the company participated; (3) if the exporter is not a firm covered in this review, a previous review, or the LTFV investigation, but the manufacturer is, then the cash deposit rate will be the rate established for the most recent segment for the manufacturer of the merchandise; and (4) the cash deposit rate for all other manufacturers or exporters will continue to be 4.37 percent, the all-others rate established in the LTFV investigation.⁷ These cash deposit requirements, when imposed, shall remain in effect until further notice.

Notification to Importers

This notice also serves as a final reminder to importers of their responsibility under 19 CFR 351.402(f) to file a certificate regarding the reimbursement of antidumping duties prior to liquidation of the relevant entries during this review period. Failure to comply with this requirement could result in Commerce's presumption that reimbursement of antidumping duties occurred and the subsequent assessment of double antidumping duties.

Administrative Protective Order

This notice also serves as a final reminder to parties subject to an administrative protective order (APO) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3), which continues to govern business proprietary information in this segment of the proceeding. Timely written notification of the return/destruction of APO materials, or conversion to judicial protective order, is hereby requested. Failure to comply with the regulations and terms of an APO is a violation which is subject to sanction.

Notification to Interested Parties

We are issuing and publishing these final results of review in accordance with sections 751(a)(1) and 777(i)(1) of the Act, and 19 CFR 351.221(b)(5).

Dated: September 1, 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.

[FR Doc. 2026-18182 Filed 9-3-26; 8:45 am]

BILLING CODE 3510-DS-P

DEPARTMENT OF COMMERCE

International Trade Administration

Northwestern University and Cornell University et. al; Application(s) for Duty-Free Entry of Scientific Instruments

Pursuant to Section 6(c) of the Educational, Scientific and Cultural Materials Importation Act of 1966 (Pub. L. 89-651, as amended by Pub. L. 106-36; 80 Stat. 897; 15 CFR part 301), we invite comments on the question of whether instruments of equivalent scientific value, for the purposes for which the instruments shown below are intended to be used, are being manufactured in the United States. Further information on the application can be found here: <https://www.trade.gov/sips-florence-frs>.

Comments must comply with 15 CFR 301.5(a)(3) and (4) of the regulations and be postmarked on or before September 24, 2026. Address written comments to Statutory Import Programs Staff, Room 40005, U.S. Department of Commerce, Washington, DC 20230. Please also email a copy of those comments to SIPS-Florence@trade.gov

Docket number	Applicant	Instrument
26-008	Northwestern University and Cornell University.	Upgrade Parts for Cryostat.
26-019	The University of Michigan, Ann Arbor.	Single frequency 652 nm VECSEL laser.
26-035	The University of Texas at Austin.	Dilution refrigerator system LD400.
26-041	Rice University	Model BF-LD250 Cryogen-free refrigerator system.
26-049	Cornell University.	Dilution refrigerator.
26-054	Vanderbilt University.	Widely Tunable OPO Laser Source based near-field illumination unit for neaSCOPE microscope.
26-059	University of California Berkeley.	Dilution Refrigerator.
26-064	University of Illinois Urbana-Champaign.	ProteoxMX Dilution Refrigerator.
26-075	University of California Berkeley.	Custom Dilution Refrigerator with optical access and low vibrations.
26-076	New York University.	Dilution Refrigerator.
26-083	University of California Berkeley.	LD250He Refrigerator System.
26-087	Purdue University.	Optical Cryostat—attoDRY2100.
26-091	Purdue University.	Dilution Refrigerator and 12T Magnet.
26-092	University of Illinois Urbana-Champaign.	TeslatronPT with 14T Magnet.
26-094	Purdue University.	Optical Cryostat—attoDRY800.
26-104	University of California, Riverside.	Pharos PH2-20W-SP Laser A.
26-107	California Institute of Technology.	Tunable Low-Noise Laser.
26-113	Boston University.	Femtosecond Laser.
26-115	University of Wisconsin-Madison.	Dilution Refrigerator.
26-116	The Regents of the University of Michigan.	Angle-resolved photo-emission spectroscopy analyzer, chamber, and light source.
26-117	Rice University	neoflex MALDI-TOF/TOF MS System.
26-119	University at Buffalo.	MyoDish.
26-120	University of California Santa Barbara.	Energy and angle resolved electron analyzer.
26-128	Fermi Forward Discovery Group, LLC.	8kW Solid State Amplifier.
26-131	University of Rochester.	Electron Microscope.
26-134	University of Delaware.	Ultra-High Vacuum System for X-ray Photoelectron Spectroscopy and Angle-resolved Photo-emission Spectroscopy.
26-135	Texas Tech University.	SpectromagPT system low voltage with 7T Magnet.

⁷ See Order.

Docket number	Applicant	Instrument
26–138	Washington and Lee University.	inVia Qontor Spectrometer System.
26–147	Regents of University of California at Berkeley.	Dilution Refrigerator.

Dated: September 1, 2026.

Lana Nigro,

Acting Director, Subsidies Enforcement, Enforcement and Compliance.

[FR Doc. 2026–18179 Filed 9–3–26; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

Notice of Scope Ruling Applications Filed in Antidumping and Countervailing Duty Proceedings

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

SUMMARY: The U.S. Department of Commerce (Commerce) received scope ruling applications, requesting that scope inquiries be conducted to determine whether identified products are covered by the scope of antidumping duty (AD) and/or countervailing duty (CVD) orders and that Commerce issue scope rulings pursuant to those inquiries. In accordance with Commerce's regulations, we are notifying the public of the filing of the scope ruling applications listed below in the month of July 2026.

DATES: Applicable September 4, 2026.

FOR FURTHER INFORMATION CONTACT: Yasmin Bordas, AD/CVD Operations, Customs Liaison Unit, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue NW, Washington, DC 20230, telephone: (202) 482–3813.

SUPPLEMENTARY INFORMATION: Notice of Scope Ruling Applications:

In accordance with 19 CFR 351.225(d)(3), we are notifying the public of the following scope ruling applications related to AD and CVD orders and findings filed in or around the month of July 2026. This notification includes, for each scope application: (1) identification of the AD and/or CVD orders at issue (19 CFR 351.225(c)(1)); (2) concise public descriptions of the products at issue, including the physical characteristics (including chemical, dimensional and technical characteristics) of the products

(19 CFR 351.225(c)(2)(ii)); (3) the countries where the products are produced and the countries from where the products are exported (19 CFR 351.225(c)(2)(i)(B)); (4) the full names of the applicants; and (5) the dates that the scope applications were filed with Commerce and the name of the ACCESS scope segment where the scope applications can be found.¹ This notice does not include applications which have been rejected and not properly resubmitted. The scope ruling applications listed below are available on Commerce's online e-filing and document management system, Antidumping and Countervailing Duty Electronic Service System (ACCESS), at <https://access.trade.gov>.

Scope Ruling Applications

Aluminum Extrusions from the People's Republic of China (China) (A–570–967/C–570–968); LED Tape Light System;² produced in and exported from China and Thailand; submitted by Wangs Alliance Corporation and WAC Lighting (Dongguan) Co., Ltd.; July 8, 2026; ACCESS scope segment “SCO—WAC LED Tape Light System.”

Certain Cold-Drawn Mechanical Tubing of Carbon and Alloy Steel From India and China (A–533–873/A–570–058/C–533–874/C–570–059); Inner Surface Finished Cold-Drawn Mechanical Tubing;³ produced in and

¹ See *Regulations to Improve Administration and Enforcement of Antidumping and Countervailing Duty Laws*, 86 FR 52300, 52316 (September 20, 2021) (*Final Rule*) (“It is our expectation that the **Federal Register** list will include, where appropriate, for each scope application the following data: (1) identification of the AD and/or CVD orders at issue; (2) a concise public summary of the product's description, including the physical characteristics (including chemical, dimensional and technical characteristics) of the product; (3) the country(ies) where the product is produced and the country from where the product is exported; (4) the full name of the applicant; and (5) the date that the scope application was filed with Commerce.”).

² The product is an illumination system, that includes an aluminum channel, LED tape lights, and a power feed unit, for use in architectural and construction projects. The length of the system ranges from 5 feet to 8 feet, the width of the system ranges from 0.5 inches to 1.5 inches, and the depth ranges from 0.3 inch to 0.75 inches.

³ The product is an inner-surface-finished cold-drawn mechanical tubing made of carbon and alloy steel. It is produced by cold drawing and subsequently refined through precision inner-surface finishing processes, including honing or skiving and burnishing. The tubing has a circular cross-section, measures 304.8 millimeters or more in length, and has actual outside diameters of less than 331 millimeters. The honing process uses rotating abrasive stones to remove small amounts of material and create a smoother inner surface and enhanced geometric form. The skiving and burnishing process removes a thin internal layer with a cutting tool and follows with roller burnishing to achieve a polished finish and improved dimensional accuracy. Inner-surface-finished cold-drawn mechanical tubing retains the

exported from China and India; submitted by ArcelorMittal Tubular Products; Michigan Seamless Tube, LLC; PTC Alliance LLC; Webco Industries, Inc.; and Zekelman Industries, Inc.; July 9, 2026; ACCESS scope segment “SCO—Inner Surface Finished CDMT.”

Mattresses from Mexico (A–201–859); polyurethane foams;⁴ produced in and exported from Mexico; submitted by Kuka Sleep, Inc.; July 27, 2026; ACCESS scope segment “SCO—Kuka Sleep Inc.—Foams.”

Notification to Interested Parties

This list of scope ruling applications is not an identification of scope inquiries that have been initiated. In accordance with 19 CFR 351.225(d)(1), if Commerce has not rejected a scope ruling application nor initiated the scope inquiry within 30 days after the filing of the application, the application will be deemed accepted and a scope inquiry will be deemed initiated the following day—day 31.⁵ Commerce's practice generally dictates that where a deadline falls on a weekend, Federal holiday, or other non-business day, the appropriate deadline is the next business day.⁶ Accordingly, if the 30th day after the filing of the application falls on a non-business day, the next business day will be considered the “updated” 30th day, and if the application is not rejected or a scope inquiry initiated by or on that particular business day, the application will be deemed accepted and a scope inquiry will be deemed initiated on the next business day which follows the “updated” 30th day.⁷

In accordance with 19 CFR 351.225(m)(2), if there are companion AD and CVD orders covering the same

same physical, chemical, dimensional, and technical characteristics as other in-scope cold-drawn mechanical tubing.

⁴ The products are polyurethane foams with lengths ranging from 5.5 to 84 inches, with widths from 7 to 79.5 inches; and thicknesses from 0.25 to 4.0 inches.

⁵ In accordance with 19 CFR 351.225(d)(2), within 30 days after the filing of a scope ruling application, if Commerce determines that it intends to address the scope issue raised in the application in another segment of the proceeding (such as a circumvention inquiry under 19 CFR 351.226 or a covered merchandise inquiry under 19 CFR 351.227), it will notify the applicant that it will not initiate a scope inquiry, but will instead determine if the product is covered by the scope at issue in that alternative segment.

⁶ See *Notice of Clarification: Application of “Next Business Day” Rule for Administrative Determination Deadlines Pursuant to the Tariff Act of 1930, As Amended*, 70 FR 24533 (May 10, 2005).

⁷ This structure maintains the intent of the applicable regulation, 19 CFR 351.225(d)(1), to allow day 30 and day 31 to be separate business days.

merchandise from the same country of origin, the scope inquiry will be conducted on the record of the AD proceeding. Further, please note that pursuant to 19 CFR 351.225(m)(1), Commerce may either apply a scope ruling to all products from the same country with the same relevant physical characteristics, (including chemical, dimensional, and technical characteristics) as the product at issue, on a country-wide basis, regardless of the producer, exporter, or importer of those products, or on a company-specific basis.

For further information on procedures for filing information with Commerce through ACCESS and participating in scope inquiries, please refer to the Filing Instructions section of the Scope Ruling Application Guide, at <https://www.trade.gov/file-scope-ruling>. Interested parties, apart from the scope ruling applicant, who wish to participate in a scope inquiry and be added to the public service list for that segment of the proceeding must file an entry of appearance in accordance with 19 CFR 351.103(d)(1) and 19 CFR 351.225(n)(4). Interested parties are advised to refer to the case segment in ACCESS as well as 19 CFR 351.225(f) for further information on the scope inquiry procedures, including the timelines for the submission of comments.

Please note that this notice of scope ruling applications filed in AD and CVD proceedings may be published before any potential initiation, or after the initiation, of a given scope inquiry based on a scope ruling application identified in this notice. Therefore, please refer to the case segment on ACCESS to determine whether a scope ruling application has been accepted or rejected and whether a scope inquiry has been initiated.

Interested parties who wish to be served scope ruling applications for a particular AD or CVD order may file a request to be included on the annual inquiry service list during the anniversary month of the publication of the AD or CVD order in accordance with 19 CFR 351.225(n) and Commerce's procedures.⁸

Interested parties are invited to comment on the completeness of this monthly list of scope ruling applications received by Commerce. Any comments should be submitted to Scot Fullerton, Acting Deputy Assistant Secretary for AD/CVD Operations, Enforcement and Compliance, International Trade

Administration, via email to CommerceCLU@trade.gov.

This notice of scope ruling applications filed in AD and CVD proceedings is published in accordance with 19 CFR 351.225(d)(3).

Dated: August 31, 2026.

Scot Fullerton,

Acting Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations.

[FR Doc. 2026-18181 Filed 9-3-26; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

[A-570-230]

Tris(hydroxymethyl)aminomethane From the People's Republic of China: Postponement of Preliminary Determination in the Less-Than-Fair-Value Investigation

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

DATES: Applicable September 4, 2026.

FOR FURTHER INFORMATION CONTACT: Monica Gillis at (202) 482-6384, AD/CVD Operations, Office V, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue NW, Washington, DC 20230.

SUPPLEMENTARY INFORMATION:

Background

On May 11, 2026, the U.S. Department of Commerce (Commerce) initiated a less-than-fair-value (LTFV) investigation of imports of Tris(hydroxymethyl)aminomethane (Tris) from the People's Republic of China (China).¹ Currently, the preliminary determination is due no later than September 28, 2026.

Postponement of Preliminary Determination

Section 733(b)(1)(A) of the Tariff Act of 1930, as amended (the Act), requires Commerce to issue the preliminary determination in an LTFV investigation within 140 days after the date on which Commerce initiated the investigation. However, section 733(c)(1)(A)(b)(1) of the Act permits Commerce to postpone the preliminary determination until no later than 190 days after the date on which Commerce initiated the

investigation if: (A) the petitioner² makes a timely request for a postponement; or (B) Commerce concludes that the parties concerned are cooperating, that the investigation is extraordinarily complicated, and that additional time is necessary to make a preliminary determination. Under 19 CFR 351.205(e), the petitioner must submit a request for postponement 25 days or more before the scheduled date of the preliminary determination and must state the reasons for the request. Commerce will grant the request unless it finds compelling reasons to deny the request.

On August 26, 2026, the petitioner submitted a timely request that Commerce postpone the preliminary determination in the LTFV investigation.³ The petitioner stated that it requests postponement to "allow {Commerce} time to analyze the surrogate value information submitted by the parties, to review the initial questionnaire responses and to issue supplemental questionnaires to the respondents to clarify their initial responses, and to determine accurately the magnitude of dumping that occurred during the period of investigation."⁴

For the reasons stated above and because there are no compelling reasons to deny the request, Commerce, in accordance with section 733(c)(1)(A) of the Act, is postponing the deadline for the preliminary determination by 50 days (i.e., 190 days after the date on which this investigation was initiated). As a result, Commerce will issue its preliminary determination no later than November 17, 2026. In accordance with section 735(a)(1) of the Act and 19 CFR 351.210(b)(1), the deadline for the final determination of this investigation will continue to be 75 days after the date of the preliminary determination, unless postponed at a later date.

This notice is issued and published pursuant to section 733(c)(2) of the Act and 19 CFR 351.205(f)(1).

Dated: September 1, 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.

[FR Doc. 2026-18183 Filed 9-3-26; 8:45 am]

BILLING CODE 3510-DS-P

² The petitioner is the Advancion Corporation.

³ See Petitioner's Letter, "Petitioner's Request for Postponement of Preliminary Determination," dated August 26, 2026.

⁴ *Id.*

⁸ See *Scope Ruling Application; Annual Inquiry Service List; and Informational Sessions*, 86 FR 53205 (September 27, 2021).

¹ See *Tris(hydroxymethyl)aminomethane from the People's Republic of China: Initiation of Less-Than-Fair-Value Investigation*, 91 FR 28566 (May 18, 2026) (*Initiation Notice*).

DEPARTMENT OF COMMERCE**International Trade Administration****[A-533-840]****Certain Frozen Warmwater Shrimp from India: Final Results of Antidumping Duty Administrative Review; 2024–2025**

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

SUMMARY: The U.S. Department of Commerce (Commerce) determines that producers and/or exporters subject to this administrative review made sales of subject merchandise at less than normal value during the period of review (POR), February 1, 2024, through January 31, 2025.

DATES: Applicable September 4, 2026.

FOR FURTHER INFORMATION CONTACT: Anastasiia Frizner or Anne Entz, AD/CVD Operations, Office IX, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue NW, Washington, DC 20230; telephone: (202) 482-0145 or (202) 482-3845, respectively.

SUPPLEMENTARY INFORMATION:**Background**

On May 4, 2025, Commerce published the *Preliminary Results* and invited interested parties to comment.¹ On May 26, 2026, the Ad Hoc Shrimp Trade Action Committee (the petitioner); the American Shrimp Processors Association (ASPA); the Devi Group;² and Sandhya Aqua Exports Private Limited (Sandhya) and certain Indian exporters submitted case briefs.³ On June 1, 2026, the petitioner, ASPA, the Devi Group, and Sandhya submitted timely-filed rebuttal briefs.⁴ The

deadline for these final results is September 1, 2026.

For a complete description of the events that occurred since the *Preliminary Results*, see the Issues and Decision Memorandum.⁵ The Issues and Decision Memorandum is a public document and is on file electronically via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS), which is available to registered users at <https://access.trade.gov>. In addition, a complete version of the Issues and Decision Memorandum can be accessed directly at <https://access.trade.gov/frnotices>.

Commerce conducted this administrative review in accordance with section 751 of the Tariff Act of 1930, as amended (the Act).

Scope of the Order⁶

The merchandise subject to the *Order* is certain frozen warmwater shrimp from India. For a complete description of the scope of the *Order*, see the Issues and Decision Memorandum.

Analysis of Comments Received

All issues raised in the case and rebuttal briefs submitted by interested parties are listed in Appendix I to this notice and addressed in the Issues and Decision Memorandum. The Issues and Decision Memorandum is a public document and is on file electronically via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS), which is available to registered users at <https://access.trade.gov>. In addition, a complete version of the Issues and Decision Memorandum can be accessed directly at <https://access.trade.gov/frnotices>.

Changes Since the Preliminary Results

Based on our analysis of the comments received from interested parties regarding the *Preliminary Results*, we made certain changes to the weighted average dumping margins calculated for the Devi Group and Sandhya. For a discussion of these changes, see the Issues and Decision Memorandum.

⁵ See Memorandum, "Issues and Decision Memorandum for the Final Results of the Antidumping Duty Administrative Review of Certain Frozen Warmwater Shrimp from India; 2024–2025," dated concurrently with, and hereby adopted by, this notice (Issues and Decision Memorandum).

⁶ See *Notice of Amended Final Determination of Sales at Less Than Fair Value and Antidumping Duty Order: Certain Frozen Warmwater Shrimp from India*, 70 FR 5147 (February 1, 2005) (*Order*).

Rate for Non-Individually Examined Companies

The Act and Commerce's regulations do not address the establishment of a weighted-average dumping margin to be applied to companies not selected for individual examination when Commerce limits its examination in an administrative review pursuant to section 777A(c)(2) of the Act. Generally, Commerce looks to section 735(c)(5) of the Act, which provides instructions for calculating the all-others rate in a less-than-fair-value (LTFV) investigation, for guidance when calculating the weighted-average dumping margin for companies which were not selected for individual examination in an administrative review.

Under section 735(c)(5)(A) of the Act, the all-others rate is normally an amount equal to the weighted average of the estimated weighted-average dumping margins established for exporters and producers individually investigated, excluding any zero or *de minimis* margins, and any margins determined entirely on the basis of facts available.

In this administrative review, we calculated the weighted-average dumping margins for the Devi Group and Sandhya that are not zero, *de minimis*, or based entirely on the facts available. Accordingly, we are assigning to the companies under review that were not selected for individual examination a simple average of the estimated dumping margins calculated for the Devi Group and Sandhya, consistent with the guidance in section 735(c)(5)(A) of the Act.⁷

Final Results of Review

For these final results of this review, we determine the following estimated weighted-average dumping margins exist for the period February 1, 2024, through January 31, 2025:

Producer or exporter	Weighted-average dumping margin (percent)
Devi Fisheries Limited; Satya Seafoods Private Limited; Usha Seafoods; Devi Aquatech Private Limited	4.04
Sandhya Aqua Exports Private Limited	7.01
Companies Not Selected for Individual Examination ⁸	5.53

⁷ See Memorandum, "Calculation of the Cash Deposit Rate for Non-Reviewed Companies for the Final Results in the 2024–2025 Administrative Review of the Antidumping Duty Order on Frozen Warmwater Shrimp from India," dated concurrently with this notice.

¹ See *Certain Frozen Warmwater Shrimp from India: Preliminary Results of Antidumping Duty Administrative Review; 2024–2025*, 91 FR 23961 (May 4, 2026) (*Preliminary Results*), and accompanying Preliminary Decision Memorandum.

² The Devi Group consists of Devi Fisheries Limited, Satya Seafoods Private Limited, Usha Seafoods, and Devi Aquatech Private Limited. See *Certain Frozen Warmwater Shrimp from India: Final Results of Antidumping Duty Administrative Review; 2016–2017*, 83 FR 32835 (July 16, 2018).

³ See Petitioner's Letter, "Case Brief," dated May 26, 2026; see also ASPA's Letter, "American Shrimp Processors Association's Case Brief," dated May 26, 2026; the Devi Group's Letter, "Case Brief," dated May 26, 2026; and Sandhya and Indian Exporters' Letter, "Case Brief," dated May 26, 2026.

⁴ See Petitioner's Letter, "Rebuttal Brief," dated June 1, 2026; see also ASPA's Letter, "American Shrimp Processors Association's Rebuttal Case Brief," dated June 1, 2026; and the Devi Group and Sandhya's Letter, "Rebuttal Brief," dated June 1, 2026.

Disclosure

Commerce intends to disclose the calculations and analysis performed in connection with the final results of this administrative review to interested parties within five days of any public announcement or, if there is no public announcement, within five days of the publication date of this notice in the **Federal Register**, in accordance with 19 CFR 351.224(b).

Assessment Rates

Pursuant to section 751(a)(2)(C) of the Act and 19 CFR 351.212(b)(1), Commerce has determined, and U.S. Customs and Border Protection (CBP) shall assess, antidumping duties on all appropriate entries of subject merchandise in accordance with the final results of this review.

Pursuant to 19 CFR 351.212(b)(1), because both the Devi Group and Sandhya reported the entered value for all of their U.S. sales, we calculated importer-specific *ad valorem* duty assessment rates based on the ratio of the total amount of antidumping duties calculated for each importer's examined sales to the total entered value of these sales. Where an importer-specific assessment rate is *de minimis* (i.e., less than 0.5 percent), we will instruct CBP to liquidate the appropriate entries without regard to antidumping duties.

Commerce's "automatic assessment" practice will apply to entries of subject merchandise during the POR produced by the Devi Group or Sandhya for which the reviewed companies did not know that the merchandise they sold to an intermediary (e.g., a reseller, trading company, or exporter) was destined for the United States. In such instances, we will instruct CBP to liquidate unreviewed entries at the all-others rate established in the LTFV investigation if there is no rate for the intermediate company(ies) involved in the transaction.⁹

For the companies listed in Appendix II which were not selected for individual examination, we will instruct CBP to assess antidumping duties on all appropriate entries at the review-specific rate, calculated as noted in the "Rate for Non-Individually Examined Companies" section, above.¹⁰

Commerce intends to issue assessment instructions to CBP no earlier than 35 days after the date of

publication of the final results of this review in the **Federal Register**. If a timely summons is filed at the U.S. Court of International Trade, the assessment instructions will direct CBP not to liquidate relevant entries until the time for parties to file a request for a statutory injunction has expired (i.e., within 90 days of publication).

Cash Deposit Requirements

The following cash deposit requirements will be effective for all shipments of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the publication date of the final results of this administrative review, as provided by section 751(a)(2)(C) of the Act: (1) the cash deposit rate for the companies listed above will be equal to the weighted-average dumping margins established in the final results of this review; (2) for previously investigated or reviewed companies not listed above, the cash deposit rate will continue to be the company-specific rate published for the most recently completed segment of this proceeding in which the company participated; (3) if the exporter is not a firm covered in this review, a prior review, or the LTFV investigation, but the producer is, the cash deposit rate will be the cash deposit rate established for the most recently completed segment for the producer of the subject merchandise; and (4) the cash deposit rate for all other producers or exporters will continue to be 10.17 percent, the all-others rate established in the LTFV investigation.¹¹ These deposit requirements, when imposed, shall remain in effect until further notice.

Administrative Protective Order (APO)

This notice serves as the only reminder to parties subject to an APO of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3), which continues to govern business proprietary information in this segment of the proceeding. Timely written notification of return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

Notification to Importers

This notice serves as a final reminder to importers of their responsibility under 19 CFR 351.402(f)(2) to file a certificate regarding the reimbursement of antidumping and/or countervailing

duties prior to liquidation of the relevant entries during this review period. Failure to comply with this requirement could result in Commerce's presumption that reimbursement of antidumping and/or countervailing duties occurred and the subsequent assessment of doubled antidumping duties, and/or increase in the amount of antidumping duties by the amount of the countervailing duties.

Notification to Interested Parties

This notice is issued and published in accordance with sections 751(a)(1) and 777(i)(1) of the Act, and 19 CFR 351.221(b)(5).

Dated: September 1, 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.

Appendix I

List of Topics Discussed in the Issues and Decision Memorandum

- I. Summary
- II. Background
- III. Scope of the Order
- IV. Changes Made Since the Preliminary Results
- V. Discussion of the Issues
 - Comment 1: Export Subsidy Offset
 - Comment 2: Differential Pricing Analysis
 - Comment 3: Whether to Deduct Comparison Market Indirect Selling Expenses from Net Price for Sandhya
 - Comment 4: Corrections to Sandhya's Margin Calculation
- VI. Recommendation

Appendix II

Companies Not Selected for Individual Examination

1. Accelerated Freeze Drying Co., Ltd.
2. Akshay Food Impex Private Limited
3. Alashore Marine Exports (P) Ltd.
4. Albys Agro Private Limited
5. Alpha Marine
6. Alpha Marine Limited
7. Ananda Aqua Applications; Ananda Aqua Exports (P) Limited; Ananda Foods
8. Ananda Enterprises (India) Private Limited
9. Apex Frozen Foods Limited
10. Aquatica Frozen Foods Global Pvt. Ltd.
11. Arya Sea Foods Private Limited
12. Asvini Fisheries Ltd.; Asvini Fisheries Private Ltd.
13. Avanti Frozen Foods Private Limited
14. Bhatsons Aquatic Products
15. Bhimraj Exports Private Limited
16. Blue-Fin Frozen Foods Pvt Ltd.
17. BMR Exports; BMR Exports Private Limited
18. BMR Industries Private Limited
19. B-One Business House Pvt. Ltd.
20. BRC Marine Products
21. Calcutta Seafoods Pvt. Ltd.; Bay Seafood Pvt. Ltd.; Elque Ventures Private Limited

⁸ The exporters or producers not selected for individual examination are listed in Appendix II.

⁹ For a full discussion of this practice, see *Antidumping and Countervailing Duty Proceedings: Assessment of Antidumping Duties*, 68 FR 23954 (May 6, 2003).

¹⁰ See section 735(c)(5)(A) of the Act.

¹¹ See *Order*, 70 FR at 5148.

22. Canaan Marine Products
 23. Castlerock Fisheries Ltd
 24. Choice Trading Corporation Pvt. Ltd.
 25. Coastal Aqua Private Limited
 26. Coastal Corporation Ltd.
 27. Cofoods Processors Private Limited
 28. Deepak Nexgen Foods Pvt. Ltd.
 29. Diamond Seafoods Exports; Edhayam Frozen Foods Pvt. Ltd.; Kadalkanny Frozen Foods; Theva & Company
 30. DN Sea Shells Private Limited
 31. Dwaraka Sea Foods
 32. Falcon Marine Exports Limited; KR Enterprises
 33. Fedora Sea Foods Private Limited
 34. Geo Seafoods
 35. Ghan Marine Products
 36. Godavari Mega Aqua Food Park Private Limited
 37. Green Asia Impex Private Limited
 38. Growel Processors Private Limited
 39. Hari Marine Private Limited
 40. Highland Agro Food Private Limited
 41. Hyson Exports Private Limited
 42. IFB Agro Industries Ltd.
 43. ITC Ltd.
 44. Jagadeesh Marine Exports
 45. Jaya Lakshmi Sea Foods Pvt. Ltd.
 46. Kader Exports Private Limited
 47. Kalyan Aqua & Marine Exp. India Pvt. Ltd.
 48. Kay Kay Exports; Kay Kay Foods
 49. KNC Agro Limited; KNC AGRO PVT. LTD.
 50. LNSK Greenhouse Agro Products LLP
 51. Magnum Sea Foods Limited; Magnum Estates Limited; Magnum Estates Private; MagnumEstates Private Limited
 52. Mangala Marine Exim India Pvt. Ltd.
 53. Mangala Seafoods; Mangala Sea Foods
 54. Maritime Aqua Exportz
 55. Megaa Moda Pvt. Ltd.
 56. Mekworld Marines and Exports Private Limited
 57. Miles Marine Exports Private Limited
 58. Milsha Agro Exports Pvt. Ltd.
 59. Mindhola Foods LLP
 60. MMC Exports Limited
 61. Monsun Foods Pvt. Ltd.
 62. Mourya Aquex Pvt. Ltd.
 63. Munnangi Seafoods (Pvt) Ltd.
 64. N.K. Marine Exports LLP
 65. Naga Hanuman Fish Packers
 66. NDM Seafood Processors & Exporters Private Limited
 67. Neeli Aqua Private Limited
 68. Nekkanti Mega Food Park Private Limited
 69. Nekkanti Sea Foods Limited
 70. Nezami Rekha Sea Foods Private Limited; Nezami Rekha Sea Food Private Limited
 71. Nila Sea Foods Exports; Nila Sea Foods Pvt. Ltd.
 72. Pasupati Aquatics Private Limited
 73. Penver Products (P) Ltd
 74. Rising Tide
 75. Royal Imports and Exports
 76. Royale Marine Impex Pvt. Ltd.
 77. S.A. Exports
 78. Safa Global Impex
 79. Sagar Grandhi Exports Pvt. Ltd.
 80. Sai Marine Exports Pvt. Ltd.
 81. Sam Aqua Exports LLP
 82. Sandhya Marines Limited
 83. Sea Foods Private Limited

84. Sharat Industries Ltd.
 85. Shree Datt Aquaculture Farms Pvt. Ltd.
 86. Sigma Seafoods
 87. Snow World Marine Exports Private Limited
 88. Southern Tropical Foods Pvt. Ltd.
 89. Sprint Exports Pvt. Ltd.
 90. Sreeragam Export Private Limited
 91. Srikanth International
 92. Srikanth International Private Limited
 93. Star Agro Marine Exports Private Limited
 94. Summit Marine Exports Private Limited
 95. Sunrise Seafoods India Private Limited
 96. Suryamitra Exim Pvt. Ltd.
 97. The Waterbase Ltd.
 98. V.V. Marine Products
 99. Vaisakhi Bio-Marine Private Limited
 100. Varma Marine Private Limited
 101. Vasista Marine
 102. Vasista Marine Private Limited
 103. Veerabhadra Exports Private Limited
 104. Wellcome Fisheries Limited
 105. Z.A. Sea Foods Pvt. Ltd.
 106. Zeal Aqua Limited

[FR Doc. 2026-18184 Filed 9-3-26; 8:45 am]

BILLING CODE 3510-DS-P

DEPARTMENT OF COMMERCE

National Institute of Standards and Technology

National Advanced Spectrum and Communications Test Network: Citizens Broadband Radio Service Sharing Ecosystem Assessment Project Close-Out Community Outreach

AGENCY: National Institute of Standards and Technology, Department of Commerce.

ACTION: Notice of open meeting.

SUMMARY: The National Advanced Spectrum and Communications Test Network (NASCTN) is hosting a public meeting on NASCTN's close-out briefing for the Citizen Broadband Radio Service (CBRS) Sharing Ecosystem Assessment (SEA) project., on September 24, 2026, from 11:00 a.m.–12:30 p.m. Mountain Daylight Time. The purpose of this meeting is to brief federal, industry, academic stakeholders, and interested parties from the public on the approach, execution, and results from the project that collected emissions in the CBRS band from multiple locations in the Norfolk, VA and San Diego, CA areas. **DATES:** The NASCTN meeting on the CBRS SEA Project close-out briefing will take place September 24, 2026 from 11:00 a.m.–12:30 p.m. Mountain Daylight Time.

ADDRESSES: The meeting will be held virtually via web conference from the NIST campus in Boulder, CO. For instructions on how to participate in the

meeting, please see the **SUPPLEMENTARY INFORMATION** section of this notice.

FOR FURTHER INFORMATION CONTACT:

Keith Hartley at NASCTN@nist.gov, keith.hartley@nist.gov, or 719.572.8256.

SUPPLEMENTARY INFORMATION: The NASCTN CBRS SEA project seeks to provide data-driven insight into the CBRS sharing ecosystem's effectiveness between CBRS and Department of War (DoW) systems, and to track changes in the spectrum environment over time via two primary tasks: (1) Measure Aggregate CBRS Emissions and Noise Floor in Coastal Dynamic Protection Areas (DPAs) and (2) Measure Aggregate Emissions in Always-On DPAs.

NASCTN is hosting a virtual public meeting on the CBRS SEA project's results on September 24, 2026 from 11:00 a.m.–12:30 p.m. Mountain Daylight Time. The purpose of this meeting is to brief federal, industry, academic stakeholders, and interested parties from the public on the approach, execution, and results from the project that collected emissions in the CBRS band from multiple locations in the Norfolk, VA and San Diego, CA areas.

The main briefing is expected to last approximately 1 hour, with approximately 30 minutes allocated for public comments and questions with speaking times assigned on a first-come, first-served basis. Public comments can be provided via web conference attendance, or email. The number of speaking requests received will determine the amount of time per speaker. Speakers who wish to expand upon their questions or statements, those who wish to speak but cannot be accommodated during the meeting, and those who are unable to attend are invited to submit written statements by email to NASCTN@nist.gov or keith.hartley@nist.gov. Please note that all submitted comments will be treated as public documents.

Anyone wishing to attend this meeting via web conference must register by 5:00 p.m. Mountain Daylight Time, on September 10, 2026. Please submit your full name, email address, and phone number to Keith Hartley at NASCTN@nist.gov or keith.hartley@nist.gov.

Authority: 15 U.S.C. 278t.

Alicia Chambers,

NIST Executive Secretariat.

[FR Doc. 2026-18140 Filed 9-3-26; 8:45 am]

BILLING CODE 3510-13-P

DEPARTMENT OF COMMERCE**National Institute of Standards and Technology****Information Collection Activities; Submission to the Office of Management and Budget (OMB) for Review and Approval; Comment Request; Ask CHIPS Information Collection**

The Department of Commerce will submit the following information collection request to the Office of Management and Budget (OMB) for review and clearance in accordance with the Paperwork Reduction Act of 1995, on or after the date of publication of this notice. We invite the general public and other Federal agencies to comment on proposed, and continuing information collections, which helps us assess the impact of our information collection requirements and minimize the public's reporting burden. Public comments were previously requested via the **Federal Register** on Thursday, April 2, 2026, during a 60-day comment period. This notice allows for an additional 30 days for public comments.

Agency: National Institute of Standards and Technology (NIST), Commerce.

Title: Ask CHIPS Information Collection.

OMB Control Number: 0693–0092.

Form Number(s): None.

Type of Request: Regular submission, extension of current information collection.

Number of Respondents: 250.

Average Hours per Response: .083 hours (5 minutes).

Burden Hours: 20.75 hours.

Needs and Uses: The Ask CHIPS web form is available as a streamlined method for customers to submit requests to meet with the CHIPS team or request a speaker engagement. The information is used by the CHIPS Program Office to schedule and coordinate engagements with CHIPS stakeholders.

Information to be collected includes: Basic customer contact information, details on who they would like to meet with and when/where, as well as CHIPS-related topics they would like to discuss. The data requested is limited to the information necessary to efficiently schedule these engagements and provide the customer with the desired information during these engagements.

Affected Public: Individuals and business or other for-profit organizations.

Frequency: Once.

Respondent's Obligation: Voluntary.

Legal Authority: CHIPS Act of 2022 (Division A of Pub. L. 117–167) (the Act).

This information collection request may be viewed at www.reginfo.gov. Follow the instructions to view the Department of Commerce collection currently under review by OMB.

Written comments and recommendations for the proposed information collection should be submitted within 30 days of the publication of this notice on the following website www.reginfo.gov/public/do/PRAMain. Find this particular information collection by selecting “Currently under 30-day Review—Open for Public Comments” or by using the search function and entering either the title of the collection or the OMB Control Number 0693–0092.

Sheleen Dumas,

Departmental PRA Compliance Officer, Office of the Under Secretary for Economic Affairs, Commerce Department.

[FR Doc. 2026–18097 Filed 9–3–26; 8:45 am]

BILLING CODE 3510–13–P

DEPARTMENT OF COMMERCE**National Oceanic and Atmospheric Administration**

[RTID 0648–XG030]

Notification of Fees for Seafood Inspection Services

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

ACTION: Notice of fee schedule.

SUMMARY: The NMFS Seafood Inspection Program (SIP) is notifying program participants that its fee schedule for fiscal year 2027 will remain as established on November 1, 2022.

DATES: The fee schedule applies to services rendered as of October 1, 2026, until notified otherwise.

FOR FURTHER INFORMATION CONTACT:

Jenny Stephenson, Office of International Affairs, Trade, and Commerce, 301–427–8307 or at jenny.stephenson@noaa.gov.

SUPPLEMENTARY INFORMATION: NMFS operates a fee-for-service SIP under the authorities of the Agricultural Marketing Act of 1946, as amended, the Fish and Wildlife Act of 1956, and the Reorganization Plan No. 4 of 1970. The regulations implementing the SIP are contained in 50 CFR part 260. The SIP offers inspection, grading, and certification services, including the use

of official quality grade marks which indicate that specific products have been federally inspected. Those wishing to participate in the program must request the services and submit specific compliance information. Since 1992, NMFS implemented inspection services based on guidelines recommended by the National Academy of Sciences, known as Hazard Analysis Critical Control Point (HACCP).

Under the implementing regulations for the SIP, fees are reviewed at least annually to ascertain that the hourly fees charged are adequate to recover the costs of the services rendered. Any necessary adjustments to fees are made in accordance with the requirements of 50 CFR 260.30. This **Federal Register** notice serves to inform program participants of the fee schedule, which remains unchanged.

SIP costs used for the calculation of user fees include all relevant direct and indirect costs to the program, and applicable administrative overhead and surcharges. SIP fees must be set to promote full cost recovery of the program absent other appropriations.

SIP costs include all field operations, program administrative overhead, and management, and include expenses for labor for inspectors, facilities, information technology infrastructure, and other operational costs. SIP fees are set to recover those costs based on revenue projections from expected billable service hours and the number of certificates requests. Forecasts of demand for services use historical data on actual billed services that are adjusted annually for inflation, known events that might affect the predicted output of billable services, and seasonality of when forecasted services will take place throughout the year.

NMFS will assess its fees as outlined in this notice, which will apply until notified otherwise. Fees will be charged to contract and non-contract customers requesting services as listed below. The cost of other applicable services rendered will be recovered through fee collection using the base rate of \$238 per hour.

Fees and Charges for the U.S. Department of Commerce Seafood Inspection Program

The per hour fees and charges for fishery products inspection services are not being revised and will remain as established on November 1, 2022 for fiscal year 2027 and will be assessed as follows. Any travel associated with a billable service will be an additional charge.

Contract Rates

- **Regular time:** Services provided during any 8-hour shift.
- **Overtime:** Services provided outside the inspector's normal work schedule.
- In addition to any hourly service charge, a night differential fee equal to 10 percent of the employee's hourly salary will be charged for each hour of service provided after 6 p.m. and before 6 a.m. A guarantee of payment is required for all contracts equal to 3 months of service or \$10,000, whichever is greater.

Non-Contract Rates

- **Regular time:** Services provided within the inspector's normal work schedule, Monday through Friday.
- **Overtime:** Services provided outside the inspector's normal work schedule.
- Any services under contract in excess of the contracted hours will be charged at the non-contract rate.

TABLE 1—CONTRACT AND NON-CONTRACT HOURLY RATES

Contract Rates	
Regular	\$238
Overtime	357
Sundays & Holidays	476
All Non-Contract Rates	
Regular Time	357
Overtime	536
Sundays & Holidays	714

Certificates

All certificate requests, whether or not a product inspection was conducted, will be billed at a set flat rate of \$97 per request.

Additional information about, and applications for, Program services and fees may be obtained from NMFS (see **FOR FURTHER INFORMATION CONTACT** section).

Dated: September 2, 2026.

Alexa Cole,

Director, Office of International Affairs, Trade, and Commerce, National Marine Fisheries Service.

[FR Doc. 2026–18152 Filed 9–3–26; 8:45 am]

BILLING CODE 3510–22–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; Generic Clearance for Economic Surveys of the Commercial and Charter Harvesting Sectors of Federally Managed Fisheries: Greater Atlantic Region Commercial Fishing Business Cost Survey for 2026

The Department of Commerce will submit the following information collection request to the Office of Management and Budget (OMB) for review and clearance in accordance with the Paperwork Reduction Act of 1995, on or after the date of publication of this notice. We invite the general public and other Federal agencies to comment on proposed, and continuing information collections, which helps us assess the impact of our information collection requirements and minimize the public's reporting burden. Public comments were previously requested via the **Federal Register** on December 6, 2021 (86 FR 213), during a 60-day comment period. This notice allows for an additional 30 days for public comments.

Agency: National Oceanic and Atmospheric Administration (NOAA), Commerce.

Title: Generic Clearance for Economic Surveys of the Commercial and Charter Harvesting Sectors of Federally Managed Fisheries: Greater Atlantic Region Commercial Fishing Business Cost Survey for 2026.

OMB Control Number: 0648–0823.

Form Number(s): None.

Type of Request: Regular submission (request to add a new generic information collection under an approved generic clearance).

Number of Respondents: 220.

Average Hours per Response: 30 minutes per form.

Total Annual Burden Hours: 110 hours.

Needs and Uses: This is a request to add surveys for the Greater Atlantic Region Commercial Fishing Business Cost Survey for 2026 to the Generic Clearance for Economic Surveys of the Commercial and Charter Harvesting Sectors of Federally Managed Fisheries.

The National Oceanic & Atmospheric Administration's National Marine Fisheries Service (NMFS or NOAA Fisheries) has conservation and management responsibilities for many living marine resources and their

habitat. NMFS collects and uses economic data to make more than a cursory determination of whether a variety of provisions in the applicable laws, Executive Orders (EOs), and NOAA or NMFS strategies and policies have been met by past fishery conservation and management actions or will be met by proposed actions. The relevant measures of economic performance include costs, earnings, and profitability (net revenue); productivity and economic efficiency; capacity; economic stability; the level and distribution of net economic benefits to society; and market power. The economic impacts include sector, community, or region-specific and national employment, sales, value-added, and income impacts. The efforts to monitor, explain and predict changes in economic performance and impacts are ongoing and contribute to the value of the information contained in regulatory analyses of current and proposed fishery conservation and management measures, stock assessment and fishery evaluation (SAFE) reports, as well as other technical and scientific reports that address changes in economic performance and impacts.

Affected Public: Individuals or households; Business or other for-profit organizations.

Frequency: Once.

Respondent's Obligation: Voluntary.

Legal Authority: Magnuson-Stevens Fishery Conservation and Management Act (MSA).

This information collection request may be viewed at www.reginfo.gov. Follow the instructions to view the Department of Commerce collections currently under review by OMB.

Written comments and recommendations for the proposed information collection should be submitted within 30 days of the publication of this notice on the following website www.reginfo.gov/public/do/PRAMain. Find this particular information collection by selecting "Currently under 30-day Review—Open for Public Comments" or by using the search function and entering either the title of the collection or the OMB Control Number 0648–0823.

Sheleen Dumas,

Departmental PRA Compliance Officer, Office of the Under Secretary for Economic Affairs, Commerce Department.

[FR Doc. 2026–18177 Filed 9–3–26; 8:45 am]

BILLING CODE 3510–22–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; NOAA Dr. Nancy Foster Scholarship Program**

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 information collection request to OMB for review and approval.

DATES: To ensure consideration, comments regarding this proposed information collection must be received on or before November 3, 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 0648–0432 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 Seaberry Nachbar, NOAA Dr. Nancy Foster Scholarship Program Manager, NOAA, 99 Pacific Street, Monterey, CA 93940, 831–647–4204, Seaberry.Nachbar@noaa.gov

SUPPLEMENTARY INFORMATION:**I. Abstract**

This is a request for extension of an existing information collection.

NOAA's Office of National Marine Sanctuaries administers the Dr. Nancy Foster Scholarship Program, authorized by 16 U.S.C. 1445c–1 and 16 U.S.C. 1445c, which recognizes outstanding achievement in master's and doctoral

degrees in oceanography, marine biology, or maritime archaeology—this can include but is not limited to ocean and/or coastal: engineering, social science, marine education, marine stewardship, or resource management disciplines. The scholarship supports independent graduate level research through financial support of graduate degrees in such fields. Gender and minority status are not considered when selecting award recipients. Scholarships are distributed by disciplines, institutions, and geography, and by degree sought, with selections within distributions based on financial need, the potential for success in a graduate level studies program (academic achievement), and the potential for achieving research and career goals. Data collection in the form of a pre-application, full application, letters of recommendation, grade point average documents, research outline, a letter of financial need statement, and a declaration statement are all required to apply for the scholarship. Applicants submit this information through *Grants.gov* system. This information is used for the review and selection of the individuals who will receive scholarship funds.

Selected awardees will also be requested to prepare a biographical sketch and photograph for NOAA's scholarship web page. Awardees are requested to prepare annual progress reports and participate in one exit interview.

II. Method of Collection

Information for the application is collected through an application submission, either electronically through the *Grants.gov* platform or if the internet is not available, applicants may submit applications via mail. Information from selected awardees is collected orally.

III. Data

OMB Control Number: 0648–0432.

Form Number(s): None.

Type of Review: Regular (extension of an approved collection).

Affected Public: Individuals.

Estimated Number of Respondents: 190 (pre-application), 50 (full application).

Estimated Time per Response: Pre-application: 3 hours; Application and transcripts: 5 hours; Letters of recommendation: 45 minutes; Biographical sketch and photograph of awardees: 1 hour; Annual progress reports: 2 hours; Exit interview: 15 minutes.

Estimated Total Annual Burden Hours: 570 burden hours for pre-application; 450 hours full application.
Estimated Total Annual Cost to Public: \$0.

Respondent's Obligation: Voluntary.
Legal Authority: 16 U.S.C. 1445c–1 and 16 U.S.C. 1445c.

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 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. 2026–18178 Filed 9–3–26; 8:45 am]

BILLING CODE 3510–NK–P

DEPARTMENT OF COMMERCE**National Oceanic and Atmospheric Administration**

[RTID 0648–XG015]

Taking and Importing Marine Mammals; Taking Marine Mammals Incidental to Geophysical Surveys Related to Oil and Gas Activities in the Gulf of America

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

ACTION: Notice; issuance of letter of authorization.

SUMMARY: In accordance with the Marine Mammal Protection Act (MMPA), as amended, its implementing regulations, and NMFS' MMPA regulations for taking marine mammals incidental to geophysical surveys related to oil and gas activities in the Gulf of America (GOA), notification is hereby given that NMFS has modified the Letter of Authorization (LOA) issued to Future Energy Consultants (FEC) for the take of marine mammals incidental to geophysical survey activity in the GOA.

DATES: The LOA is effective through June 30, 2027.

ADDRESSES: The LOA, LOA request, and supporting documentation are available online at: <https://www.fisheries.noaa.gov/action/incidental-take-authorization-oil-and-gas-industry-geophysical-survey-activity-gulf-mexico>. In case of problems accessing these documents, please call the contact listed below.

FOR FURTHER INFORMATION CONTACT: Jenna Harlacher, Office of Protected Resources, NMFS, (301) 427-8401.

SUPPLEMENTARY INFORMATION:

Background

Sections 101(a)(5)(A) and (D) of the MMPA (16 U.S.C. 1361 *et seq.*) direct the Secretary of Commerce to allow, upon request, the incidental, but not intentional, taking of small numbers of marine mammals by U.S. citizens who engage in a specified activity (other than commercial fishing) within a specified geographical region if certain findings are made and either regulations are issued or, if the taking is limited to harassment, a notice of a proposed authorization is provided to the public for review.

An authorization for incidental takings shall be granted if NMFS finds that the taking will have a negligible impact on the species or stock(s), will not have an unmitigable adverse impact on the availability of the species or stock(s) for subsistence uses (where relevant), and if the permissible methods of taking and requirements pertaining to the mitigation, monitoring and reporting of such takings are set forth. NMFS has defined “negligible impact” in 50 CFR 216.103 as an impact resulting from the specified activity that cannot be reasonably expected to, and is not reasonably likely to, adversely affect the species or stock through effects on annual rates of recruitment or survival.

Except with respect to certain activities not pertinent here, the MMPA

defines “harassment” as: any act of pursuit, torment, or annoyance which: (i) has the potential to injure a marine mammal or marine mammal stock in the wild (Level A harassment); or (ii) has the potential to disturb a marine mammal or marine mammal stock in the wild by causing disruption of behavioral patterns, including, but not limited to, migration, breathing, nursing, breeding, feeding, or sheltering (Level B harassment).

On January 19, 2021, we issued a final rule with regulations to govern the unintentional taking of marine mammals incidental to geophysical survey activities conducted by oil and gas industry operators, and those persons authorized to conduct activities on their behalf (collectively “industry operators”), in U.S. waters of the GOA¹ over the course of 5 years (86 FR 5322, January 19, 2021). The rule was based on our findings that the total taking from the specified activities over the 5-year period will have a negligible impact on the affected species or stock(s) of marine mammals and will not have an unmitigable adverse impact on the availability of those species or stocks for subsistence uses and became effective on April 19, 2021.

The regulations at 50 CFR 217.180 *et seq.* allow for the issuance of LOAs to industry operators for the incidental take of marine mammals during geophysical survey activities and prescribe the permissible methods of taking and other means of effecting the least practicable adverse impact on marine mammal species or stocks and their habitat (often referred to as mitigation), as well as requirements pertaining to the monitoring and reporting of such taking. Under 50 CFR 217.186(e), issuance of an LOA shall be based on a determination that the level of taking will be consistent with the findings made for the total taking allowable under these regulations and a determination that the amount of take authorized under the LOA is of no more than small numbers.

NMFS subsequently discovered that the 2021 rule was based on erroneous take estimates. We conducted another rulemaking using correct take estimates and other newly available and pertinent information relevant to the analyses supporting some of the findings in the 2021 final rule and the taking allowable

under the regulations. We issued a final rule in April 2024, effective May 24, 2024 (89 FR 31488, April 24, 2024).

On August 28, 2025, NMFS Office of Protected Resources received a request from NMFS Office of Policy for reimplementation of the current Incidental Take Regulation (ITR) to avoid a lapse in ITRs offering incidental take coverage for GOA geophysical survey activities. On October 20, 2025, Bureau of Ocean Energy Management (the original petitioner for the current ITRs) submitted a request to be included in the process as a co-petitioner. In response to these requests, NMFS issued a new final rule, effective April 20, 2026, through April 19, 2031 (91 FR 20784, April 17, 2026).

The reimplementation of the regulations continues the established framework for authorization of incidental take through LOAs. The final rule made no changes to the specified activities or the specified geographical region in which those activities would be conducted, and there are no changes to the associated mitigation, monitoring, and reporting requirements.

NMFS issued a LOA to FEC on May 1, 2026, for the take of marine mammals incidental to a FloatSeis seismic field trial survey in the lease block LA5A, effective June 1, 2026, through December 31, 2026. Please see the **Federal Register** notice of issuance (91 FR 24809, May 7, 2026) for additional details regarding the LOA and the survey activity.

On August 3, 2026, FEC informed NMFS that the survey had a delayed start. Accordingly, they requested that the December 31, 2026, expiration date be extended to June 30, 2027, due to the delay. There are no other changes to the survey area or plan, which includes 5 days of sound source operation in zone 2. Since the survey timing now involves months for which take was not previously assessed, we have updated FEC's take estimates based on the revised schedule. The monthly distribution of survey days is not known in advance, though we assume that the planned 5 days of source operation would occur contiguously. Take estimates for each species are based on the period that produces the greatest value.

Based on the results of our analysis, NMFS has determined that the level of taking expected for this survey and authorized through the modified LOA is consistent with the findings made for the total taking allowable under the regulations. See table 1 in this notice and table 7 of the rule (91 FR 20784, April 17, 2026).

¹ Pursuant to Executive Order 14172, “Restoring Names That Honor American Greatness,” and Department of the Interior Secretarial Order 3423, “The Gulf of America,” the body of water formerly known as the Gulf of Mexico is now called the Gulf of America. Accordingly, NMFS amended the incidental take regulations to reflect the change. See 90 FR 38001 (August 7, 2025).

Small Numbers Determination

Under the rule, NMFS may not authorize incidental take of marine mammals in an LOA if it will exceed “small numbers.” In short, when an acceptable estimate of the individual marine mammals taken is available, if the estimated number of individual animals taken is up to, but not greater than, one-third of the best available abundance estimate, NMFS will determine that the numbers of marine mammals taken of a species or stock are

small (91 FR 20784, April 17, 2026). For more information, please see NMFS’ discussion of small numbers in the 2026 final rule (91 FR 20784, April 17, 2026). The take numbers for authorization are determined as described above and in the **Federal Register** notice of issuance for the original LOA (91 FR 24809, May 7, 2026), are used by NMFS in making the necessary small numbers determinations, through comparison with the best available abundance estimates (see discussion at 91 FR 20784, 20812, April 17, 2026). For this

comparison, NMFS’ approach is to use the maximum theoretical population, determined through review of current Stock Assessment Reports (SARs; <https://www.fisheries.noaa.gov/national/marine-mammal-protection/marine-mammal-stock-assessments>) and model-predicted abundance information (<https://seamap.env.duke.edu/models/SEFSC/GOM>). Information supporting the small numbers determinations is provided in table 1.

TABLE 1—TAKE ANALYSIS ¹

Species	Authorized take	Abundance ²	Percent abundance
Rice’s whale	0	51	n/a
Sperm whale	0	2,451	n/a
Kogia spp	0	1,385	n/a
Beaked whales	0	1,038	n/a
Rough-toothed dolphin	14	4,853	0.3
Bottlenose dolphin	1,961	166,538	1.2
Clymene dolphin	0	6,136	n/a
Atlantic spotted dolphin	109	21,506	0.5
Pantropical spotted dolphin	0	50,209	n/a
Spinner dolphin	0	2,991	n/a
Striped dolphin	0	16,102	n/a
Fraser’s dolphin	0	1,665	n/a
Risso’s dolphin	0	1,974	n/a
Blackfish ³	0	9,535	n/a
Short-finned pilot whale	0	3,277	n/a

¹ Scalar ratios were not applied in this case due to brief survey duration.
² Best abundance estimate. For most taxa, the best abundance estimate for purposes of comparison with take estimates is considered here to be the model-predicted abundance (Garrison *et al.*, 2023). For Rice’s whale, Atlantic spotted dolphin, spinner dolphin, and Risso’s dolphin, the estimated SAR abundance estimate is used.
³ The “blackfish” guild includes melon-headed whales, false killer whales, pygmy killer whales, and killer whales.

Based on the analysis contained herein of FEC’s proposed survey activity described in its LOA application, as subsequently modified by FEC, and the anticipated take of marine mammals, NMFS finds that small numbers of marine mammals will be taken relative to the affected species or stock sizes (*i.e.*, less than one-third of the best available abundance estimate) and therefore the taking is of no more than small numbers.

Authorization

NMFS has determined that the level of taking for this LOA modification request is consistent with the findings made for the total taking allowable under the incidental take regulations and that the amount of take authorized under the LOA is of no more than small numbers. Accordingly, we have issued a modification to the LOA to FEC authorizing the take of marine mammals incidental to its geophysical survey activity, as described above.

Dated: September 1, 2026.
Kimberly Damon-Randall,
Director, Office of Protected Resources,
National Marine Fisheries Service.
[FR Doc. 2026–18142 Filed 9–3–26; 8:45 am]
BILLING CODE 3510–22–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; Reporting Requirements for the Ocean Salmon Fishery Off the Coasts of Washington, Oregon, and California

The Department of Commerce will submit the following information collection request to the Office of Management and Budget (OMB) for review and clearance in accordance with the Paperwork Reduction Act of 1995, on or after the date of publication of this notice. We invite the general

public and other Federal agencies to comment on proposed and continuing information collections, which helps us assess the impact of our information collection requirements and minimize the public’s reporting burden. Public comments were previously requested via the **Federal Register** on June 22, 2026, during a 60-day comment period. This notice allows for an additional 30 days for public comments.
Agency: National Oceanic and Atmospheric Administration (NOAA), Commerce.
Title: Reporting Requirements for the Ocean Salmon Fishery Off the Coasts of Washington, Oregon, and California.
OMB Control Number: 0648–0433.
Form Number(s): None.
Type of Request: Regular submission (extension of a current information collection).
Number of Respondents: 40.
Average Hours per Response: 15 minutes.
Total Annual Burden Hours: 10 hours.
Needs and Uses: This is a request for an extension of a currently approved information collection. Ocean salmon

fisheries conducted in the U.S. exclusive economic zone, 3–200 nautical miles off the West Coast states of Washington, Oregon, and California are managed by the Pacific Fishery Management Council (Council) and NOAA's National Marine Fisheries Service (NMFS) under the Magnuson-Stevens Fishery Conservation and Management Act (MSA). Management measures for the ocean salmon fisheries are set annually, consistent with the Council's Pacific Coast Salmon Fishery Management Plan (FMP). The FMP provides a framework for managing the ocean salmon fisheries in a sustainable manner, as required under the MSA, through the use of conservation objectives, annual catch limits and other management measures, reference points and status determination criteria described in the FMP. To meet these criteria, annual management measures, published in the **Federal Register** by NMFS, specify regulatory areas, catch restrictions, and landing restrictions based on the stock abundance forecasts. These catch and landing restrictions include area-, time- and species-specific quotas for the commercial ocean salmon fishery and generally require catch and landings to be reported to the appropriate state and tribal agencies to allow for timely and accurate accounting of the season's catch (50 CFR 660.404 and 50 CFR 660.408(o)). The best available catch and effort data and projections are presented by the state fishery managers in telephone conference calls involving the NMFS Regional Administrator and representatives of the Council. However, NMFS acknowledges that unsafe weather or mechanical problems could prevent commercial fishermen from making their landings at the times and places specified, and the MSA requires conservation and management measures to promote the safety of human life at sea. Therefore, the annual management measures will include provisions to exempt commercial salmon fishermen from compliance with the landing requirements when they experience unsafe weather conditions or mechanical problems at sea, so long as the appropriate notifications are made by, for example, at-sea radio and cellular telephone, and information on catch and other required information is given, under this collection of information.

In addition, NMFS has established measures to keep fishery impacts within conservation objectives for the California Coastal Chinook salmon (50 CFR 660.410(d)(3)). This information collection assists in the management of

the landing and possession limits to stay within established quotas for the California commercial salmon troll fishery. The State of California requires that fish tickets with the number of Chinook salmon landed be entered into the California Department of Fish and Wildlife electronic landing database. NMFS requires that this be completed within 24 hours of landing.

The annual management measures will specify the contents and procedure of the notifications, and the entities receiving the notifications (e.g., United States Coast Guard). Absent this requirement by the Council, the state reporting systems would not regularly collect this specific type of in-season radio report or electronic landing data. These provisions, and this federal collection of information, promote safety at sea, provide practical utility for sustainably managing the fishery, and ensure regulatory consistency across each state by implementing the same requirements in the territorial waters off each state. This information collection is intended to be general in scope by leaving the specifics of the notifications for annual determination, thus providing flexibility in responding to salmon management concerns in any given year.

Affected Public: Business or other for-profit organizations.

Frequency: Reporting under this emergency provision is infrequent.

Respondent's Obligation: Mandatory.

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

This information collection request may be viewed at www.reginfo.gov. Follow the instructions to view the Department of Commerce collections currently under review by OMB.

Written comments and recommendations for the proposed information collection should be submitted within 30 days of the publication of this notice on the following website www.reginfo.gov/public/do/PRAMain. Find this particular information collection by selecting "Currently under 30-day Review—Open for Public Comments" or by using the search function and entering either the title of the collection or the OMB Control Number 0648–0433.

Sheleen Dumas,

Departmental PRA Compliance Officer, Office of the Under Secretary for Economic Affairs, Commerce Department.

[FR Doc. 2026–18180 Filed 9–3–26; 8:45 am]

BILLING CODE 3510–22–P

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

[RTID 0648–XG038]

Gulf Fishery Management Council; Public Meeting

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

ACTION: Notice of a public meeting.

SUMMARY: The Gulf Fishery Management Council (Gulf Council) will hold a 2-day in-person meeting of its Standing Scientific and Statistical Committee (SSC).

DATES: The meeting will be held in-person on Tuesday, September 29 (8:30 a.m.–5 p.m.) and Wednesday, September 30 (9 a.m. to 3 p.m.), 2026.

ADDRESSES: The meeting will take place at the Gulf Council's office located at 4107 W. Spruce Street, Suite 200, Tampa, FL 33607. Hybrid connection information will be available on the Council's website at www.gulfcouncil.org and clicking on the "meeting tab".

Council address: Gulf Fishery Management Council, 4107 W Spruce Street, Suite 200, Tampa, FL 33607; telephone: (813) 348–1630.

FOR FURTHER INFORMATION CONTACT: Mr. Ryan Rindone, Lead Fishery Biologist, Gulf Fishery Management Council; ryan.rindone@gulfcouncil.org, telephone: (813) 348–1630.

SUPPLEMENTARY INFORMATION:

Tuesday, September 29, 2026; 8:30 a.m.–5 p.m. EDT

The meeting will begin with introductions and adoption of agenda, review and approval of Meeting Minutes and Summary from the July 2026 SSC meeting, and Scope of Work.

The SSCs will review and discuss SEDAR 94 West Florida Hogfish Stock Assessment, Mississippi and Alabama Creel Surveys, and Results of the 2024 Marine Recreational Information Program Pilot Study and Data Recalibration, including presentations, background materials and SSC Discussion.

Public comments, if any, will be heard at the end of the day.

Wednesday, September 30, 2026; 9 a.m.–3 p.m. EDT

The SSC will review and discuss SEDAR 94 West Florida Hogfish Yield Projections, SHELF Egg Project, Social Science Questionnaire for Gulf Species,

and a discussion about Regulatory Streamlining; including presentations, background materials and SSC Discussion and Recommendations.

Public comments, if any, will be heard at the end of the day followed by the review of any Other Business items.

—Meeting Adjourns

The meeting will also be broadcast via webinar. You may register to listen in only by visiting www.gulfcouncil.org and clicking on the SSC meeting on the calendar.

The Agenda is subject to change, and the latest version along with other meeting materials will be posted on www.gulfcouncil.org as they become available.

Although other non-emergency issues not on the agenda may come before the Scientific and Statistical Committees for discussion, in accordance with the Magnuson-Stevens Fishery Conservation and Management Act, those issues may not be the subject of formal action during this meeting. Actions of the Scientific and Statistical Committee will be restricted to those issues specifically identified in the agenda and any issues arising after publication of this notice that require emergency action under Section 305(c) of the Magnuson-Stevens Fishery Conservation and Management Act, provided the public has been notified of the Council's intent to take action to address the emergency.

Special Accommodations

These meetings are physically accessible to people with disabilities. Requests for sign language interpretation or other auxiliary aids or accommodations should be directed to Kathy Pereira at (813) 348-1630 at least 15 days prior to the meeting.

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

Dated: September 1, 2026.

Key Israel Marquez,

Acting Deputy Director, Office of Sustainable Fisheries, National Marine Fisheries Service.

[FR Doc. 2026-18100 Filed 9-3-26; 8:45 am]

BILLING CODE 3510-22-P

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

[RTID 0648-XG037]

North Pacific Fishery Management Council; Public Meeting

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

ACTION: Notice of hybrid conference.

SUMMARY: The North Pacific Fishery Management Council (Council) and its advisory committees will meet on Monday, October 5, 2026 through Tuesday, October 13, 2026.

DATES: The Council's Scientific and Statistical Committee (SSC) will begin at 8 a.m. on Monday, October 5, 2026, and continue through Wednesday, October 7, 2026. The Council's Advisory Panel (AP) will begin at 8 a.m. on Wednesday, October 7, 2026 and continue through Friday, October 9, 2026. The Council will begin at 8 a.m. on Thursday, October 8, 2026, and continue through Tuesday, October 13, 2026. The Ecosystem Committee will meet Monday, October 5, 2026 from 1 p.m. to 5 p.m. and Tuesday, October 6, 2026, from 8:30 a.m. to 12 p.m. All listed times are Alaska Time.

ADDRESSES: The meetings will be a hybrid conference. The in-person component of the meeting will be held at the William A. Egan Civic & Convention Center, 555 W 5th Ave. Anchorage, AK 99501, or join the meetings online through the links at <https://www.npfmc.org/upcoming-council-meetings>.

Council address: North Pacific Fishery Management Council, 1007 W 3rd Ave., Anchorage, AK 99501-2252; telephone: (907) 271-2809. Instructions for attending the meeting via video conference are given under the connection information below. For technical support, please contact our Council administrative staff, email: support@npfmc.org.

FOR FURTHER INFORMATION CONTACT:

Anna Henry, Council staff; email: ahenry@npfmc.org telephone: (907) 271-2809.

SUPPLEMENTARY INFORMATION:

Agenda

Monday, October 5, 2026, Through Wednesday, October 7, 2026

The SSC agenda will include the following issues:

(1) Bering Sea Aleutian Island (BSAI) Crab Specifications—Review Ecosystem Status Report (ESR) and Stock Assessment and Fishery Evaluation (SAFE) Report, and Recommend Acceptable Biological Catch (ABC) and Overfishing Level (OFL) for crab stocks.

(2) Groundfish Harvest Specifications—Review Reports and Recommend Proposed ABC and OFL for groundfish stocks. Final ABC/OFL recommendations for Gulf of Alaska (GOA) arrowtooth flounder, GOA rex sole, GOA skates, Bogoslof pollock.

The agenda is subject to change, and the latest version will be posted at <https://meetings.npfmc.org/Meeting/Details/7160> prior to the meeting, along with meeting materials.

In addition to providing ongoing scientific advice for fishery management decisions, the SSC functions as the Council's primary peer review panel for scientific information, as described by the Magnuson-Stevens Act section 302(g)(1)(e), and the National Standard 2 guidelines (78 FR 43066, July 19, 2013). The peer-review process is also deemed to satisfy the requirements of the Information Quality Act, including the Office of Management and Budget Peer Review Bulletin guidelines.

Monday, October 5, 2026, Through Tuesday, October 6, 2026

Ecosystem Committee Agenda

The Ecosystem Committee agenda will include: (a) Groundfish management policy revisions, (b) Communications, including related to harvest control rules, and (c) other business. The agenda is subject to change, and the latest version will be posted at <https://meetings.npfmc.org/Meeting/Details/7155> prior to the meeting, along with meeting materials.

Wednesday, October 7, 2026, Through Friday, October 9, 2026

The Advisory Panel agenda will include the following issues:

- (1) Observer 2027 Annual Development Plan—Review Report, Committee Reports
- (2) BSAI Crab Specifications—Review SAFE Report, and Recommend ABC and OFL for crab stocks
- (3) Groundfish Harvest Specifications—Review Reports and Recommend Proposed ABC, OFL, and Total Allowable Catch (TAC) for Groundfish Stocks
- (4) Inseason Authority to prevent Annual Catch Target (ACL) Overages—Initial Review
- (5) Charter Halibut Permits Data Request—Review Discussion Paper, Committee report
- (6) Prohibited Species Catch (PSC) Disposition—Review Discussion Paper (tentative)
- (7) Individual Fishing Quota (IFQ)/Community Quota Entity (CQE) transfer changes—Review Expanded Discussion Paper
- (8) Staff Tasking

Thursday, October 8, 2026, Through Tuesday, October 13, 2026

The Council agenda will include the following issues. The Council may take appropriate action on any of the issues identified.

(1) B Reports (Executive Director including prioritization discussion, NMFS Management, NOAA General Counsel (GC), Alaska Fishery Science Center (AFSC), Alaska Department of Fish and Game (ADF&G), United States Coast Guard (USCG), United States Fish and Wildlife Service (USFWS), Advisory Panel, SSC report)

(2) Observer 2027 Annual Development Plan—Review Report, Committee Reports

(3) BSAI Crab Specifications—Review SAFE Report, and Recommend ABC and OFL for crab stocks

(4) Groundfish Harvest Specifications—Review Reports and Recommend Proposed ABC, OFL, and TAC for Groundfish Stocks

(5) Inseason Authority to prevent ACL Overages—Initial Review

(6) Charter Halibut Permits Data Request—Review Discussion Paper, Committee report

(7) PSC Disposition—Review Discussion Paper (tentative)

(8) IFQ/CQE transfer changes—Review Expanded Discussion Paper

(9) Staff Tasking

The agenda is subject to change, and the latest version will be posted at <https://meetings.npfmc.org/Meeting/Details/7159> prior to the meeting, along with meeting materials.

Connection Information

You can attend the meeting online using a computer, tablet, or smart phone; or by phone only. Connection information will be posted online at: <https://www.npfmc.org/upcoming-council-meetings>. For technical support, please contact our administrative staff, email: support@npfmc.org.

Public Comment

Public comment letters will be accepted and should be submitted electronically through the links at <https://www.npfmc.org/upcoming-council-meetings>. The Council strongly encourages written public comment for this meeting, to avoid any potential for technical difficulties to compromise oral testimony. The written comment period is open from September 11, 2026, and closes at 12 p.m., Alaska Time on Friday, October 2, 2026.

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

Dated: September 2, 2026.

Rey Israel Marquez,

Acting Deputy Director, Office of Sustainable Fisheries, National Marine Fisheries Service.

[FR Doc. 2026–18165 Filed 9–3–26; 8:45 am]

BILLING CODE 3510–22–P

DEPARTMENT OF DEFENSE

Office of the Secretary

[Docket ID: DOD–2026–OS–1222]

Submission for OMB Review; Comment Request

AGENCY: Office of the Under Secretary of Defense for Acquisition and Sustainment (OUSD(A&S)), 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 the Office of Management and Budget (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 October 5, 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:* America First Arms Transfer Strategy; 0704–AFAT.

Type of Request: New.

Number of Respondents: 150.

Responses Per Respondent: 5.

Annual Responses: 750.

Average Burden per Response: 30 minutes.

Annual Burden Hours: 375.

Needs and Uses: Effective execution of Executive Order 14383 requires immediate, up-to-date market intelligence regarding defense articles and the private sector’s current production capabilities, supply chain dependencies, product offerings, and export readiness. This information collection is a strategic market research effort to inform execution of Executive Order 14383. It is not an acquisition or procurement action, and no federal contracts will be solicited or awarded based on these submissions. The analysis derived from this collection will facilitate the analytical prioritization of United States defense articles, enabling the curation of a

comprehensively assessed data set for the Government.

Affected Public: Business or other for-profit.

Frequency: As required.

Respondent’s Obligation: Voluntary.

DOD Clearance Officer: Mr. Reginald Lucas.

Dated: September 1, 2026.

Stephanie J. Bost,

Alternate OSD Federal Register Liaison Officer, Department of Defense.

[FR Doc. 2026–18116 Filed 9–3–26; 8:45 am]

BILLING CODE 6001–FR–P

DEPARTMENT OF DEFENSE

Office of the Secretary

Uniform Formulary Beneficiary Advisory Panel; Notice of Federal Advisory Committee

AGENCY: Under Secretary of Defense for Personnel and Readiness (USD(P&R)), Department of Defense (DoD).

ACTION: Notice of Federal Advisory Committee meeting.

SUMMARY: The DoD (referred to herein as “the Department”, “Department of War” or “DoW”) is publishing this notice to announce that the following Federal Advisory Committee meeting of the Uniform Formulary Beneficiary Advisory Panel (UFBAP) will take place.

DATES: Open to the public.

• Wednesday, September 23rd, 10:00 a.m.–1:00 p.m. (Eastern Standard Time).

ADDRESSES: The meeting will be held telephonically or via conference call. The phone number for remote access is: 1–667–892–3500 or 1–667–892–3600.

Participant Code: 328199967.

These numbers and the dial-in instructions will also be posted on the UFBAP website at: <https://www.health.mil/Military-Health-Topics/Access-Cost-Quality-and-Safety/Pharmacy-Operations/BAP>.

FOR FURTHER INFORMATION CONTACT:

Alternate Designated Federal Official (ADFO) Captain Phung Thien Nguyen, USPHS, 703–681–2890 (voice), dha.ncr.j-6.mbx.baprequests@health.mil (email). Mailing address is 7700 Arlington Boulevard, Suite 5101, Falls Church, VA 22042–5101. Website: <https://www.health.mil/Military-Health-Topics/Access-Cost-Quality-and-Safety/Pharmacy-Operations/BAP>. The most up-to-date changes to the meeting agenda can be found on the website.

SUPPLEMENTARY INFORMATION: This meeting is held under the provisions of chapter 10 of title 5, United States Code

(U.S.C.) (commonly known as the Federal Advisory Committee Act or FACA) and 41 Code of Federal Regulations (CFR) 102–3.140 and 102–3.150.

Purpose of the Meeting: The UFBAP will review and comment on recommendations made by the DoW Pharmacy and Therapeutics Committee to the Director, Defense Health Agency regarding the Uniform Formulary.

Agenda

1. 10:00 a.m.–10:10 a.m. Sign In for UFBAP members
2. 10:10 a.m.–10:40 a.m. Welcome and Opening Remarks
 - a. Welcome, Opening Remarks, and Introduction of UFBAP Members by CAPT Phung Thien Nguyen, ADFO, UFBAP
 - b. Public Written Comments by CAPT Phung Thien Nguyen, ADFO, UFBAP
 - c. Opening Remarks by Dr. Pamela Schweitzer, UFBAP Chair
 - d. Introductory Remarks by Dr. Edward Vonberg, Chief, Formulary Management Branch
3. 10:40 a.m.–11:45 a.m. Scheduled Therapeutic Class Reviews
4. 11:45 a.m.–12:30 p.m. Newly Approved Drugs Review
5. 12:30 p.m.–12:45 p.m. Pertinent Utilization Management Issues
6. 12:45 p.m.–1:00 p.m. Closing remarks
 - a. Closing Remarks by UFBAP Chair
 - b. Closing Remarks by ADFO, UFBAP

Meeting Accessibility: Pursuant to section 1009(a)(1) of title 5, U.S.C. and 41 CFR 102–3.140 through 102–3.165, and subject to the availability of phone lines, the meeting is open to the public.

Written Statements: Pursuant to 41 CFR 102–3.105(j) and 102–3.140(c), and section 1009(a)(3) of title 5, U.S.C., interested persons or organizations may submit written statements to the UFBAP about its mission and/or the agenda to be addressed in the public meetings. Written statements should be submitted to the UFBAP's ADFO. The ADFO's contact information can be found in the **FOR FURTHER INFORMATION CONTACT** section of this notice. Written comments or statements must be received by the UFBAP's ADFO at least five (5) calendar days prior to a meeting so they may be made available to the UFBAP for its consideration prior to a meeting. Written comments received are releasable to the public. The ADFO will review all submitted written statements and provide copies to UFBAP.

Dated: September 1, 2026.

Stephanie J. Bost,

Alternate OSD Federal Register Liaison Officer, Department of Defense.

[FR Doc. 2026–18114 Filed 9–3–26; 8:45 am]

BILLING CODE 6001–FR–P

DEPARTMENT OF EDUCATION

[Docket No.: ED–2026–SCC–2345]

Agency Information Collection Activities; Submission to the Office of Management and Budget for Review and Approval; Comment Request; Request for Title IV Reimbursement or Heightened Cash Monitoring 2 (HCM2)

AGENCY: Federal Student Aid (FSA), Department of Education (ED).

ACTION: Notice.

SUMMARY: In accordance with the Paperwork Reduction Act (PRA) of 1995, the Department is proposing an extension without change of a currently approved information collection request (ICR).

DATES: Interested persons are invited to submit comments on or before October 5, 2026.

ADDRESSES: Written comments and recommendations for proposed information collection requests should be submitted within 30 days of publication of this notice. Click on this link www.reginfo.gov/public/do/PRAMain to access the site. Find this information collection request (ICR) by selecting “Department of Education” under “Currently Under Review,” then check the “Only Show ICR for Public Comment” checkbox. Reginfo.gov provides two links to view documents related to this information collection request. Information collection forms and instructions may be found by clicking on the “View Information Collection (IC) List” link. Supporting statements and other supporting documentation may be found by clicking on the “View Supporting Statement and Other Documents” link.

FOR FURTHER INFORMATION CONTACT: For specific questions related to collection activities, please contact Carolyn Rose, (202) 453–5967.

SUPPLEMENTARY INFORMATION: The Department is especially interested in public comment addressing the following issues: (1) is this collection necessary to the proper functions of the Department; (2) will this information be processed and used in a timely manner; (3) is the estimate of burden accurate; (4) how might the Department enhance the quality, utility, and clarity of the information to be collected; and (5) how

might the Department minimize the burden of this collection on the respondents, including through the use of information technology. Please note that written comments received in response to this notice will be considered public records.

Title of Collection: Request for Title IV Reimbursement or Heightened Cash Monitoring 2 (HCM2).

OMB Control Number: 1845–0089.

Type of Review: Extension without change of a currently approved ICR.

Respondents/Affected Public: State, Local, and Tribal Governments; Private Sector.

Total Estimated Number of Annual Responses: 180.

Total Estimated Number of Annual Burden Hours: 180.

Abstract: 34 CFR part 668—Student Assistance General Provisions, Subpart K—Cash Management (§ 668.162) establishes the rules and procedures for a participating institution to request, maintain, disburse, and manage Title IV program funds. Institutions must complete and submit a Form 270 to request Title IV program funds while participating under the Reimbursement and Heightened Cash Monitoring payment methods as explained in § 668.162(c) and (d). We are requesting an extension of the currently approved information collection. There have been no changes to the information requested or the form since its prior approval in September 2023.

Ross Santy,

Chief Data Officer, Office of Planning, Evaluation and Policy Development.

[FR Doc. 2026–18158 Filed 9–3–26; 8:45 am]

BILLING CODE 4000–01–P

DEPARTMENT OF ENERGY

Agency Information Collection Revision

AGENCY: U.S. Department of Energy.

ACTION: Notice of request for comments.

SUMMARY: The Department of Energy (DOE) invites public comment on a proposed revision to an approved information collection that DOE is submitting to the Office of Management and Budget (OMB) for review pursuant to the Paperwork Reduction Act of 1995. The information collection requests a revision of the approval for OMB Control Number 1910–5179, titled Energy and Jobs Survey.

DATES: Comments regarding this proposed information collection must be received on or before October 5, 2026. If you anticipate that you will be

submitting comments but find it difficult to do so within the period of time allowed by this notice, please advise the DOE Desk Officer at OMB of your intention to make a submission as soon as possible. The Desk Officer may be telephoned at (202) 881-9493.

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 information collection by selecting “Currently under 30-day Review—Open for Public Comments” or by using the search function.

FOR FURTHER INFORMATION CONTACT: Samson Adeshiyan, samson.adeshiyan@doe.gov, (240) 597-6490.

SUPPLEMENTARY INFORMATION:

Comments are invited on: (a) Whether the extended 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 proposed collection of information, including the validity of the methodology and assumptions used; (c) ways to enhance the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology.

This information collection request contains:

- (1) *OMB No.:* 1910-5179;
- (2) *Information Collection Request Titled:* Energy and Jobs Survey;
- (3) *Type of Review:* Revision;
- (4) *Purpose:* The nature of energy production, distribution, and consumption throughout the U.S. economy has dramatic impacts on job creation and economic competitiveness, but it is inadequately understood and incompletely measured by traditional labor market tools. The U.S. Energy and Employment Report collects data from relevant industries and quantifies employment in energy activities with data on workforce demographics and employer perceptions by geography. This data is used to generate an annual U.S. Energy and Employment Report as instructed by Congress in 42 U.S.C. 18841. This revision to data collection will streamline questions to reduce respondent burden, collect data on priority topics such as the usage of Artificial Intelligence (AI) in the energy sector, and will promote technology neutrality throughout the survey.

(5) *Annual Estimated Number of Respondents:* 45,406;

(6) *Annual Estimated Number of Total Responses:* 45,406;

(7) *Annual Estimated Number of Burden Hours:* 8,742;

(8) *Annual Estimated Reporting and Recordkeeping Cost Burden:* \$456,070.
Statutory Authority: 42 U.S.C. 18841.

Signing Authority

This document of the Department of Energy was signed on September 1, 2026, by Dr. Ashley Nunes, pursuant to delegated authority from the Acting Secretary of Energy. That document with the original signature and date is maintained by DOE. For administrative purposes only, and in compliance with requirements of the Office of the Federal Register, the undersigned DOE Federal Register Liaison Officer has been authorized to sign and submit the document in electronic format for publication, as an official document of the Department of Energy. This administrative process in no way alters the legal effect of this document upon publication in the **Federal Register**.

Signed in Washington, DC on September 2, 2026.

Treena V. Garrett

Federal Register Liaison Officer, U.S. Department of Energy.

[FR Doc. 2026-18139 Filed 9-3-26; 8:45 am]

BILLING CODE 6450-01-P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Project No. 2964-046]

City of Sturgis, Michigan; Notice of Application for Temporary Variance Accepted for Filing, Soliciting Comments, Motions To Intervene, and Protests

Take notice that the following hydroelectric application has been filed with the Commission and is available for public inspection:

- a. *Application Type:* Temporary variance from impoundment elevation.
- b. *Project No:* 2964-046.
- c. *Date Filed:* July 31, 2026.
- d. *Applicant:* City of Sturgis, Michigan.
- e. *Name of Project:* Sturgis Hydroelectric Project.
- f. *Location:* The project is located on the St. Joseph River in St. Joseph County, Michigan. The project does not occupy any federal lands.
- g. *Filed Pursuant to:* Federal Power Act, 16 U.S.C. 791a-825r.
- h. *Applicant Contact:* Chris McArthur, Electric Superintendent, City

of Sturgis, Michigan, 206 E West Street, Sturgis, MI 49091, cmcarthur@sturgismi.gov, (269) 659-7298.

i. *FERC Contact:* Selina Sumi, (202) 502-6892, selina.sumi@ferc.gov.

j. *Cooperating agencies:* With this notice, the Commission is inviting federal, state, local, and Tribal agencies with jurisdiction and/or special expertise with respect to environmental issues affected by the proposal, that wish to cooperate in the preparation of any environmental document, if applicable, to follow the instructions for filing such requests described in item k below. Cooperating agencies should note the Commission’s policy that agencies that cooperate in the preparation of any environmental document cannot also intervene. See 94 FERC ¶ 61,076 (2001).

k. *Deadline for filing comments, motions to intervene, and protests:* October 1, 2026 5:00 p.m. Eastern Time.

The Commission strongly encourages electronic filing. Please file comments, motions to intervene, and protests using the Commission’s eFiling system at <http://www.ferc.gov/docs-filing/efiling.asp>. Commenters can submit brief comments up to 6,000 characters, without prior registration, using the eComment system at <http://www.ferc.gov/docs-filing/ecomment.asp>. For assistance, please contact FERC Online Support at FERCOnlineSupport@ferc.gov, (866) 208-3676 (toll free), or (202) 502-8659 (TTY). In lieu of electronic filing, you may submit a paper copy. Submissions sent via the U.S. Postal Service must be addressed to: Debbie-Anne A. Reese, Secretary, Federal Energy Regulatory Commission, 888 First Street NE, Room 1A, Washington, DC 20426. Submissions sent via any other carrier must be addressed to: Debbie-Anne A. Reese, Secretary, Federal Energy Regulatory Commission, 12225 Wilkins Avenue, Rockville, MD 20852. The first page of any filing should include the docket number P-2964-046. Comments emailed to Commission staff are not considered part of the Commission record.

The Commission’s Rules of Practice and Procedure require all intervenors filing documents with the Commission to serve a copy of that document on each person whose name appears on the official service list for the project. Further, if an intervenor files comments or documents with the Commission relating to the merits of an issue that may affect the responsibilities of a particular resource agency, they must also serve a copy of the document on that resource agency.

l. *Description of Request:* The applicant requests Commission approval for a temporary variance from the impoundment elevation requirements set forth in condition 1.1 of the Michigan Department of Environment, Great Lakes, and Energy's water quality certification to facilitate a scheduled drawdown of the project impoundment. The purpose of the drawdown is to mitigate risk during construction of several critical dam safety improvements. The proposed variance would allow the licensee to address ongoing seepage issues at the toe of slope of the main earthen embankment and stability issues with the downstream slope of the earthen embankment. Additional improvement works combined with the main earthen embankment repair includes raising the crest of the detached earthen embankment, raising the concrete spillway abutment wall, removing and replacing the grout mattress with riprap on the upstream earthen embankment slope, construction of an Americans with Disabilities Act (ADA) compliant path to the St. Joseph River, and addressing surface drainage along the toe of the dam and access road. The licensee would lower the impoundment approximately 2.9 feet to an elevation of 822.7 National Geodetic Vertical Datum (NGVD 29). The drawdown of the impoundment is scheduled to begin after Labor Day (*i.e.*, after September 7, 2026) and would utilize a drawdown rate not to exceed one-half foot (or six inches) per 24-hour period. The drawdown is proposed to be completed no later than September 15, 2026. Proposed construction activities associated with the dam would not be complete prior to October 15, 2027, and the impoundment is proposed to remain in its lowered state until April 2028.

m. *Locations of the Application:* This filing may be viewed on the Commission's website at <http://www.ferc.gov> using the "eLibrary" link. Enter the docket number excluding the last three digits in the docket number field to access the document. You may also register online at <http://www.ferc.gov/docs-filing/esubscription.asp> to be notified via email of new filings and issuances related to this or other pending projects. For assistance, call 1-866-208-3676 or email FERCOnlineSupport@ferc.gov, for TTY, call (202) 502-8659. Agencies may obtain copies of the application directly from the applicant.

n. Individuals desiring to be included on the Commission's mailing list should so indicate by writing to the Secretary of the Commission.

o. *Comments, Protests, or Motions to Intervene:* Anyone may submit comments, a protest, or a motion to intervene in accordance with the requirements of Rules of Practice and Procedure, 18 CFR 385.210, .211, .214, respectively. In determining the appropriate action to take, the Commission will consider all protests or other comments filed, but only those who file a motion to intervene in accordance with the Commission's Rules may become a party to the proceeding. Any comments, protests, or motions to intervene must be received on or before the specified comment date for the particular application.

p. *Filing and Service of Documents:* Any filing must (1) bear in all capital letters the title "COMMENTS", "PROTEST", or "MOTION TO INTERVENE" as applicable; (2) set forth in the heading the name of the applicant and the project number of the application to which the filing responds; and (3) otherwise comply with the requirements of 18 CFR 385.2001 through 385.2005. All comments, motions to intervene, or protests must set forth their evidentiary basis. Any filing made by an intervenor must be accompanied by proof of service on all persons listed in the service list prepared by the Commission in this proceeding, in accordance with 18 CFR 385.2010.

q. For public inquiries and assistance with making filings such as interventions, comments, or requests for rehearing, contact the Office of Public Participation at (202) 502-6595 or OPP@ferc.gov.

(Authority: 18 CFR 2.1)

Dated: September 1, 2026.

Carlos D. Clay,
Deputy Secretary.

[FR Doc. 2026-18149 Filed 9-3-26; 8:45 am]

BILLING CODE 6717-01-P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Project No. 13563-003]

Juneau Hydropower, Inc.; Notice of Request for Extension of Time To Commence and Complete Construction Accepted for Filing, Soliciting Comments, Motions To Intervene, and Protests

Take notice that the following hydroelectric application has been filed with the Commission and is available for public inspection:

a. *Application Type:* Request for Extension of Time.

b. *Project No:* 13563-003.

c. *Date Filed:* May 18, 2026, and supplemented on June 1, July 6, and July 22, 2026.

d. *Applicant:* Juneau Hydropower, Inc.

e. *Name of Project:* Sweetheart Lake Hydroelectric Project.

f. *Location:* The unconstructed project is located on Sweetheart Creek in the Tongass National Forest, approximately 30 miles south of the City and Borough of Juneau, Alaska. The project occupies federal land administered by the U.S. Forest Service as part of the Tongass National Forest.

g. *Filed Pursuant to:* Public Law No. 119-90, § 1020, 140 Stat. 820-21.

h. *Applicant Contact:* Duff W. Mitchell, Juneau Hydropower, Inc. P.O. Box 22775, Juneau, AK 99802, (907) 789-2775, duff.mitchell@juneauhydro.com.

i. *FERC Contact:* Jeremy Jessup, (202) 502-6779, Jeremy.Jessup@ferc.gov.

j. *Deadline for filing comments:* October 1, 2026 5:00 p.m. Eastern Time.

The Commission strongly encourages electronic filing. Please file comments, motions to intervene, and protests using the Commission's eFiling system at <http://www.ferc.gov/docs-filing/efiling.asp>. Commenters can submit brief comments up to 6,000 characters, without prior registration, using the eComment system at <http://www.ferc.gov/docs-filing/ecomment.asp>. For assistance, please contact FERC Online Support at FERCOnlineSupport@ferc.gov, (866) 208-3676 (toll free), or (202) 502-8659 (TTY). In lieu of electronic filing, you may submit a paper copy. Submissions sent via the U.S. Postal Service must be addressed to: Debbie-Anne A. Reese, Secretary, Federal Energy Regulatory Commission, 888 First Street NE, Room 1A, Washington, DC 20426. Submissions sent via any other carrier must be addressed to: Debbie-Anne A. Reese, Secretary, Federal Energy Regulatory Commission, 12225 Wilkins Avenue, Rockville, MD 20852. The first page of any filing should include the docket number P-13563-003. Comments emailed to Commission staff are not considered part of the Commission record.

The Commission's Rules of Practice and Procedure require all intervenors filing documents with the Commission to serve a copy of that document on each person whose name appears on the official service list for the project. Further, if an intervenor files comments or documents with the Commission relating to the merits of an issue that

may affect the responsibilities of a particular resource agency, they must also serve a copy of the document on that resource agency.

k. *Description of Request:* The licensee requests that the Commission grant a two-year extension of time from the existing deadline of September 8, 2026, to September 8, 2028, to commence project construction pursuant to Article 301 of the license. Additionally, the licensee requests a two-year extension of time from September 8, 2029, to September 8, 2031 to complete project construction. This would be the first 2-year extension of time authorized by Public Law 119–90.

l. *Locations of the Application:* This filing may be viewed on the Commission's website at <http://www.ferc.gov> using the "eLibrary" link. Enter the docket number excluding the last three digits in the docket number field to access the document. You may also register online at <http://www.ferc.gov/docs-filing/esubscription.asp> to be notified via email of new filings and issuances related to this or other pending projects. For assistance, call 1–866–208–3676 or email FERCOnlineSupport@ferc.gov, for TTY, call (202) 502–8659. Agencies may obtain copies of the application directly from the applicant.

m. Individuals desiring to be included on the Commission's mailing list should so indicate by writing to the Secretary of the Commission.

n. *Comments, Protests, or Motions to Intervene:* Anyone may submit comments, a protest, or a motion to intervene in accordance with the requirements of Rules of Practice and Procedure, 18 CFR 385.210, .211, .214, respectively. In determining the appropriate action to take, the Commission will consider all protests or other comments filed, but only those who file a motion to intervene in accordance with the Commission's Rules may become a party to the proceeding. Any comments, protests, or motions to intervene must be received on or before the specified comment date for the particular application.

o. *Filing and Service of Documents:* Any filing must (1) bear in all capital letters the title "COMMENTS", "PROTEST", or "MOTION TO INTERVENE" as applicable; (2) set forth in the heading the name of the applicant and the project number of the application to which the filing responds; and (3) otherwise comply with the requirements of 18 CFR 385.2001 through 385.2005. All comments, motions to intervene, or protests must set forth their evidentiary

basis. Any filing made by an intervenor must be accompanied by proof of service on all persons listed in the service list prepared by the Commission in this proceeding, in accordance with 18 CFR 385.2010.

p. For public inquiries and assistance with making filings such as interventions, comments, or requests for rehearing, contact the Office of Public Participation at (202) 502–6595 or OPP@ferc.gov.

(Authority: 18 CFR 2.1)

Dated: September 1, 2026.

Carlos D. Clay,

Deputy Secretary.

[FR Doc. 2026–18150 Filed 9–3–26; 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 Electric Corporate filings:

Docket Numbers: EC26–162–000.

Applicants: Brookfield Renewable Partners L.P., Brookfield Renewable Partners Inc.

Description: Joint Application for Authorization Under Section 203 of the Federal Power Act of Brookfield Renewable Partners L.P., et al.

Filed Date: 8/28/26.

Accession Number: 20260828–5345.

Comment Date: 5 p.m. ET 9/18/26.

Take notice that the Commission received the following Exempt Wholesale Generator filings:

Docket Numbers: EG26–301–000.

Applicants: HIVOLT POWER I LLC.

Description: HIVOLT POWER I LLC submits Notice of Self-Certification of Exempt Wholesale Generator Status.

Filed Date: 8/31/26.

Accession Number: 20260831–5292.

Comment Date: 5 p.m. ET 9/21/26.

Take notice that the Commission received the following Complaints and Compliance filings in EL Dockets:

Docket Numbers: EL26–102–000.

Applicants: Current Hydro LLC v. PJM Interconnection, L.L.C.

Description: Complaint of Current Hydro LLC v. PJM Interconnection, L.L.C.

Filed Date: 9/1/26.

Accession Number: 20260901–5158.

Comment Date: 5 p.m. ET 9/11/26.

Take notice that the Commission received the following Electric Rate filings:

Docket Numbers: ER09–1641–000; ER25–3346–000.

Applicants: Idaho Power Company, Idaho Power Company.

Description: Annual Informational Filing of 2025 Formula Rate Annual Update of Idaho Power Company.

Filed Date: 8/28/26.

Accession Number: 20260828–5346.

Comment Date: 5 p.m. ET 9/18/26.

Docket Numbers: ER25–1998–002.

Applicants: New York Independent System Operator, Inc.

Description: Compliance filing: NYISO Notice of Delayed Effective Date: Process to Procure Uncertainty Reserves to be effective 9/16/2026.

Filed Date: 8/31/26.

Accession Number: 20260831–5283.

Comment Date: 5 p.m. ET 9/21/26.

Docket Numbers: ER25–2382–002.

Applicants: New York Independent System Operator, Inc.

Description: Compliance filing: NYISO Notice of Delayed Effective Date: Enhance Duct-Firing Modeling to be effective 9/16/2026.

Filed Date: 8/31/26.

Accession Number: 20260831–5284.

Comment Date: 5 p.m. ET 9/21/26.

Docket Numbers: ER26–1915–002.

Applicants: Midcontinent Independent System Operator, Inc.

Description: Compliance filing: 2026–09–01 Interconnection Service Limit Compliance Filing to be effective 10/1/2026.

Filed Date: 9/1/26.

Accession Number: 20260901–5235.

Comment Date: 5 p.m. ET 9/22/26.

Docket Numbers: ER26–2567–002.

Applicants: New York Independent System Operator, Inc.

Description: Compliance filing: NYISO Notice of Delayed Effective Date: Further Enhance Duct Firing Modeling to be effective 9/16/2026.

Filed Date: 8/31/26.

Accession Number: 20260831–5286.

Comment Date: 5 p.m. ET 9/21/26.

Docket Numbers: ER26–2747–001.

Applicants: California Independent System Operator Corporation.

Description: Compliance filing: 2026–09–01 Compliance Filing—Interconnection Process Enhancements 5 to be effective 8/5/2026.

Filed Date: 9/1/26.

Accession Number: 20260901–5162.

Comment Date: 5 p.m. ET 9/22/26.

Docket Numbers: ER26–3624–001.

Applicants: Portland General Electric Company.

Description: Tariff Amendment: Amendment to Updated and Restated Jane Wind II Concurrence to be effective 8/10/2026.

Filed Date: 9/1/26.
Accession Number: 20260901–5080.
Comment Date: 5 p.m. ET 9/22/26.
Docket Numbers: ER26–3654–000.
Applicants: HILLMAN POWER COMPANY L.L.C.

Description: Request for Prospective Tariff Waiver, et al. of Hillman Power Company L.L.C.

Filed Date: 8/28/26.
Accession Number: 20260828–5302.
Comment Date: 5 p.m. ET 9/18/26.
Docket Numbers: ER26–3667–000.
Applicants: Ameren Transmission Company of Illinois.

Description: § 205(d) Rate Filing: Submission of JOU (RS No. 13) and TUA (RS No. 14) to be effective 10/31/2026.

Filed Date: 8/31/26.
Accession Number: 20260831–5249.
Comment Date: 5 p.m. ET 9/21/26.
Docket Numbers: ER26–3668–000.
Applicants: Southwest Power Pool, Inc.

Description: § 205(d) Rate Filing: Revisions to Modify Addendum 1 to Schedule 1–A to be effective 1/1/2027.

Filed Date: 8/31/26.
Accession Number: 20260831–5273.
Comment Date: 5 p.m. ET 9/21/26.
Docket Numbers: ER26–3669–000.
Applicants: American Transmission Systems, Incorporated.

Description: § 205(d) Rate Filing: ATSI submits a new Construction Agmt—SA No. 7493 to be effective 11/1/2026.

Filed Date: 9/1/26.
Accession Number: 20260901–5019.
Comment Date: 5 p.m. ET 9/22/26.
Docket Numbers: ER26–3670–000.
Applicants: Keystone Appalachian Transmission Company, FirstEnergy Pennsylvania Electric Company.

Description: § 205(d) Rate Filing: FirstEnergy Pennsylvania Electric Company submits tariff filing per 35.13(a)(2)(iii): FE PA submits an amended IA—SA No. 4976 to be effective 11/1/2026.

Filed Date: 9/1/26.
Accession Number: 20260901–5026.
Comment Date: 5 p.m. ET 9/22/26.
Docket Numbers: ER26–3671–000.
Applicants: Tampa Electric Company.
Description: § 205(d) Rate Filing: Schedule No. 6 with DEF Revisions to Exhibit A to be effective 12/1/2026.

Filed Date: 9/1/26.
Accession Number: 20260901–5044.
Comment Date: 5 p.m. ET 9/22/26.
Docket Numbers: ER26–3672–000.
Applicants: PJM Interconnection, L.L.C.

Description: Tariff Amendment: Notice of Cancellation of GIA, SA No.

7651; Project Identifier No. AF2–025 to be effective 11/1/2026.

Filed Date: 9/1/26.
Accession Number: 20260901–5045.
Comment Date: 5 p.m. ET 9/22/26.
Docket Numbers: ER26–3673–000.
Applicants: Lea County Electric Cooperative, Inc.

Description: Annual Informational Attachment H filing of Lea County Electric Cooperative, Inc.

Filed Date: 9/1/26.
Accession Number: 20260901–5070.
Comment Date: 5 p.m. ET 9/22/26.
Docket Numbers: ER26–3673–000.
Applicants: Lea County Electric Cooperative, Inc.

Description: Corrected Transmittal Letter of the Annual Informational Attachment H filing of Lea County Electric Cooperative, Inc.

Filed Date: 9/1/26.
Accession Number: 20260901–5089.
Comment Date: 5 p.m. ET 9/22/26.
Docket Numbers: ER26–3674–000.
Applicants: White Tank Energy Storage, LLC.

Description: Initial Rate Filing: Market-Based Rate Application to be effective 11/1/2026.

Filed Date: 9/1/26.
Accession Number: 20260901–5105.
Comment Date: 5 p.m. ET 9/22/26.
Docket Numbers: ER26–3675–000.
Applicants: Florida Power & Light Company.

Description: § 205(d) Rate Filing: Attachment H–2b, Exhibit A Amendments to Extend and Revise NWFL Formula Rate Cap to be effective 11/1/2026.

Filed Date: 9/1/26.
Accession Number: 20260901–5120.
Comment Date: 5 p.m. ET 9/22/26.
Docket Numbers: ER26–3676–000.
Applicants: Alabama Power Company, Georgia Power Company, Mississippi Power Company.

Description: Tariff Amendment: Alabama Power Company submits tariff filing per 35.15: Coosa Pines Solar LGIA Termination Filing to be effective 9/1/2026.

Filed Date: 9/1/26.
Accession Number: 20260901–5137.
Comment Date: 5 p.m. ET 9/22/26.
Docket Numbers: ER26–3677–000.
Applicants: Midcontinent Independent System Operator, Inc., Jefferson Davis Electric Cooperative, Inc.

Description: § 205(d) Rate Filing: Jefferson Davis Electric Cooperative, Inc submits tariff filing per 35.13(a)(2)(iii): 2026–09–01 Jefferson Davis Electric Cooperative (JDEC) New TO Integration to be effective 12/1/2026.

Filed Date: 9/1/26.
Accession Number: 20260901–5233.

Comment Date: 5 p.m. ET 9/22/26.
Docket Numbers: ER26–3678–000.
Applicants: Badger State Solar, LLC.
Description: § 205(d) Rate Filing: Application for Market-Based Rate Authority to be effective 9/17/2026.
Filed Date: 9/1/26.
Accession Number: 20260901–5238.
Comment Date: 5 p.m. ET 9/22/26.
Docket Numbers: ER26–3679–000.
Applicants: GREE bn, LLC.
Description: § 205(d) Rate Filing: GREE bn MBR Tariff and Application to be effective 11/1/2026.
Filed Date: 9/1/26.
Accession Number: 20260901–5243.
Comment Date: 5 p.m. ET 9/22/26.
Docket Numbers: ER26–3680–000.
Applicants: Midcontinent Independent System Operator, Inc., ALLETE, Inc.

Description: § 205(d) Rate Filing: ALLETE, Inc. submits tariff filing per 35.13(a)(2)(iii): 2026–09–01 ALLETE Request for Transmission Rate Incentives to be effective 11/1/2026.

Filed Date: 9/1/26.
Accession Number: 20260901–5254.
Comment Date: 5 p.m. ET 9/22/26.

Take notice that the Commission received the following Qualifying Facility filings:

Docket Numbers: QF26–1367–000.
Applicants: ScopeOne LLC.
Description: Form 556 of ScopeOne LLC.

Filed Date: 8/31/26.
Accession Number: 20260831–5302.
Comment Date: 5 p.m. ET 9/21/26.

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: September 1, 2026.

Carlos D. Clay,

Deputy Secretary.

[FR Doc. 2026–18146 Filed 9–3–26; 8:45 am]

BILLING CODE 6717–01–P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Docket No. CP26–550–000]

MountainWest Overthrust Pipeline, LLC; Notice of Scoping Period Requesting Comments on Environmental Issues for the Proposed Green River West Expansion Project

The staff of the Federal Energy Regulatory Commission (FERC or Commission) will prepare an environmental document that will discuss the environmental effects of the Green River West Expansion Project involving construction and operation of facilities by MountainWest Overthrust Pipeline, LLC (Overthrust) in Sweetwater County, Wyoming. The Commission will use this environmental document in its decision-making process to determine whether the project is in the public convenience and necessity.

This notice announces the opening of the scoping process the Commission will use to gather input from the public and interested agencies regarding the project. As part of the National Environmental Policy Act (NEPA) review process, the Commission takes into account concerns the public may have about proposals and the environmental effects that could result from its action whenever it considers the issuance of a Certificate of Public Convenience and Necessity. This gathering of public input is referred to as “scoping.” The main goal of the scoping process is to focus the analysis in the environmental document on the important environmental issues. Additional information about the Commission’s NEPA process is described below in the *NEPA Process and Environmental Document* section of this notice.

By this notice, the Commission requests public comments on the scope of issues to address in the environmental document. To ensure that your comments are timely and properly recorded, please submit your comments so that the Commission receives them in Washington, DC on or before 5:00 p.m. Eastern Time on

October 1, 2026. Comments may be submitted in written form. Further details on how to submit comments are provided in the *Public Participation* section of this notice.

Your comments should focus on the potential environmental effects, reasonable alternatives, and measures to avoid or lessen environmental effects. Your input will help the Commission staff determine what issues they need to evaluate in the environmental document. Commission staff will consider all written comments during the preparation of the environmental document.

If you submitted comments on this project to the Commission before the opening of this docket on July 1, 2026, you will need to file those comments in Docket No. CP26–550–000 to ensure they are considered as part of this proceeding.

This notice is being sent to the Commission’s current environmental mailing list for this project. State and local government representatives should notify their constituents of this proposed project and encourage them to comment on their areas of concern.

If you are a landowner receiving this notice, a pipeline company representative may contact you about the acquisition of an easement to construct, operate, and maintain the proposed facilities. The company would seek to negotiate a mutually acceptable easement agreement. You are not required to enter into an agreement. However, if the Commission approves the project, the Natural Gas Act conveys the right of eminent domain to the company. Therefore, if you and the company do not reach an easement agreement, the pipeline company could initiate condemnation proceedings in court. In such instances, compensation would be determined by a judge in accordance with state law. The Commission does not subsequently grant, exercise, or oversee the exercise of that eminent domain authority. The courts have exclusive authority to handle eminent domain cases; the Commission has no jurisdiction over these matters.

Overthrust provided landowners with a fact sheet prepared by the FERC entitled “An Interstate Natural Gas Facility On My Land? What Do I Need To Know?” which addresses typically asked questions, including the use of eminent domain and how to participate in the Commission’s proceedings. This fact sheet along with other landowner topics of interest are available for viewing on the FERC website (www.ferc.gov) under the Natural Gas, Landowner Topics link.

Public Participation

There are three methods you can use to submit your comments to the Commission. Please carefully follow these instructions so that your comments are properly recorded. The Commission encourages electronic filing of comments and has staff available to assist you at (866) 208–3676 or FercOnlineSupport@ferc.gov.

(1) You can file your comments electronically using the eComment feature, which is located on the Commission’s website (www.ferc.gov) under the link to FERC Online. Using eComment is an easy method for submitting brief, text-only comments on a project;

(2) You can file your comments electronically by using the eFiling feature, which is also on the Commission’s website (www.ferc.gov) under the link to FERC Online. With eFiling, you can provide comments in a variety of formats by attaching them as a file with your submission. New eFiling users must first create an account by clicking on “eRegister.” You will be asked to select the type of filing you are making; a comment on a particular project is considered a “Comment on a Filing”; or

(3) You can file a paper copy of your comments by mailing them to the Commission. Be sure to reference the project docket number (CP26–550–000) on your letter. Submissions sent via the U.S. Postal Service must be addressed to: Debbie-Anne A. Reese, Secretary, Federal Energy Regulatory Commission, 888 First Street NE, Room 1A, Washington, DC 20426. Submissions sent via any other carrier must be addressed to: Debbie-Anne A. Reese, Secretary, Federal Energy Regulatory Commission, 12225 Wilkins Avenue, Rockville, MD 20852.

Additionally, the Commission offers a free service called eSubscription which makes it easy to stay informed of all issuances and submittals regarding the dockets/projects to which you subscribe. These instant email notifications are the fastest way to receive notification and provide a link to the document files which can reduce the amount of time you spend researching proceedings. Go to <https://www.ferc.gov/ferc-online/overview> to register for eSubscription.

For public inquiries and assistance with making filings such as interventions, comments, or requests for rehearing, contact the Office of Public Participation at (202)502–6595 or *OPP@ferc.gov*.

Summary of the Proposed Project

Overthrust states its Green River West Expansion Project would allow the delivery of up to 64,000 dekatherms per day of firm natural gas transportation service from receipt points near Opal, Wyoming, to the new WE Soda delivery meter station. Overthrust asserts the incremental gas made available by the project would be used primarily to replace coal currently used in boilers and may also be used to supplement existing natural gas-powered calcining operations.

The Green River West Expansion Project would consist of the following facilities, all of which would be in Sweetwater County, Wyoming:

- two new 12-inch delivery taps, one on Overthrust's existing mainline 116 and one on its existing mainline 133, to provide WE Soda with a dual feed option¹;
- a 12-inch diameter jurisdictional tap line (JTL150) that would extend 6.78 miles north from the new taps to the Westvaco Plant; and

- a new Metering and Regulating Station,² including appurtenances, called the JTL150 Meter Station, being constructed by Overthrust at the existing Westvaco Plant site.

The general location of the project facilities is shown in appendix 1.³

Land Requirements for Construction

Construction of the proposed facilities would disturb about 114 acres of land for the aboveground facilities and the pipeline. Following construction, Overthrust would maintain about 44 acres for permanent operation of the project's facilities; the remaining acreage would be restored and revert to former uses.

NEPA Process and the Environmental Document

Any environmental document issued by the Commission will discuss effects that could occur as a result of the construction and operation of the proposed project under the relevant general resource areas:

- geology and soils;

- water resources and wetlands;
- vegetation and wildlife;
- threatened and endangered species;
- cultural resources;
- land use;
- air quality and noise; and
- reliability and safety.

Commission staff will also evaluate reasonable alternatives to the proposed project or portions of the project and make recommendations on how to lessen or avoid effects on the various resource areas. Your comments will help Commission staff identify and focus on the issues that might have an effect on the human environment and potentially eliminate others from further study and discussion in the environmental document.

Following this scoping period, Commission staff will determine whether to prepare an Environmental Assessment (EA) or an Environmental Impact Statement (EIS). The EA or the EIS will present Commission staff's independent analysis of the issues. If Commission staff prepares an EA, a *Notice of Schedule for the Preparation of an Environmental Assessment* will be issued. The EA may be issued for an allotted public comment period. The Commission would consider timely comments on the EA before making its decision regarding the proposed project. If Commission staff prepares an EIS, a *Notice of Intent to Prepare an EIS/ Notice of Schedule* will be issued, which will open up an additional comment period. Staff will then prepare a draft EIS which will be issued for public comment. Commission staff will consider all timely comments received during the comment period on the draft EIS and revise the document, as necessary, before issuing a final EIS. Any EA or draft and final EIS will be available in electronic format in the public record through eLibrary⁴ and the Commission's natural gas environmental documents web page (<https://www.ferc.gov/industries-data/natural-gas/environmental-documents>). If eSubscribed, you will receive instant email notification when the environmental document is issued.

With this notice, the Commission is asking agencies with jurisdiction by law and/or special expertise with respect to the environmental issues of this project to formally cooperate in the preparation of the environmental document.⁵ Agencies that would like to request

cooperating agency status should follow the instructions for filing comments provided under the *Public Participation* section of this notice.

Consultation Under Section 106 of the National Historic Preservation Act

In accordance with the Advisory Council on Historic Preservation's implementing regulations for section 106 of the National Historic Preservation Act, the Commission is using this notice to initiate consultation with the applicable State Historic Preservation Office, and to solicit their views and those of other government agencies, interested Indian tribes, and the public on the project's potential effects on historic properties.⁶ The environmental document for this project will document findings on the impacts on historic properties and summarize the status of consultations under section 106.

Environmental Mailing List

The environmental mailing list includes: federal, state, and local government representatives and agencies; elected officials; Native American Tribes; environmental and public interest groups; other interested parties; and local libraries and media outlets. This list also includes all affected landowners (as defined in the Commission's regulations) who are potential right-of-way grantors, whose property may be used temporarily for project purposes, or who own homes within certain distances of aboveground facilities, and anyone who submits comments on the project and includes a mailing address with their comments. Commission staff will update the environmental mailing list as the analysis proceeds to ensure that Commission notices related to this environmental review are sent to all individuals, organizations, and government entities interested in and/or potentially affected by the proposed project.

If you need to make changes to your name/address, or if you would like to remove your name from the mailing list, please complete one of the following steps:

- (1) Send an email to GasProjectAddressChange@ferc.gov stating your request. You must include the docket number CP26-550-000 in your request. If you are requesting a

¹ A delivery tap is a connection point on a large natural gas pipeline that allows gas to be safely transferred to another pipeline or facility.

² A metering and regulating station is a facility that measures how much gas is delivered and controls its pressure to ensure safe and steady flow.

³ The appendices referenced in this notice will not appear in the **Federal Register**. Copies of the appendices were sent to all those receiving this notice in the mail and are available at www.ferc.gov using the link called "eLibrary." For instructions on connecting to eLibrary, refer to the last page of this notice. For assistance, contact FERC at FERCOnlineSupport@ferc.gov or call toll free, (888) 208-3676 or TTY (202) 502-8659.

⁴ For instructions on connecting to eLibrary, refer to the last page of this notice.

⁵ Cooperating agency responsibilities are addressed in Section 107(a)(3) of NEPA (42 U.S.C. 4336(a)(3)).

⁶ The Advisory Council on Historic Preservation's regulations are at Title 36, Code of Federal Regulations, Part 800. Those regulations define historic properties as any prehistoric or historic district, site, building, structure, or object included in or eligible for inclusion in the National Register of Historic Places.

change to your address, please be sure to include your name and the correct address. If you are requesting to delete your address from the mailing list, please include your name and address as it appeared on this notice. This email address is unable to accept comments.

OR

(2) Return the attached "Mailing List Update Form" (appendix 2).

Additional Information

Additional information about the project is available from the FERC website at www.ferc.gov using the eLibrary link. Click on the eLibrary link, click on "General Search" and enter the docket number in the "Docket Number" field. Be sure you have selected an appropriate date range. For assistance, please contact FERC Online Support at FercOnlineSupport@ferc.gov or (866) 208-3676, or for TTY, contact (202) 502-8659. The eLibrary link also provides access to the texts of all formal documents issued by the Commission, such as orders, notices, and rulemakings.

Public sessions or site visits will be posted on the Commission's calendar located at <https://www.ferc.gov/news-events/events> along with other related information.

(Authority: 18 CFR 2.1)

Dated: September 1, 2026.

Carlos D. Clay,

Deputy Secretary.

[FR Doc. 2026-18148 Filed 9-3-26; 8:45 am]

BILLING CODE 6717-01-P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Project No. 15423-000]

DeepGreen Cook Inlet SPV, LLC; Notice of Preliminary Permit Application Accepted for Filing and Soliciting Comments, Motions To Intervene, and Competing Applications

On February 11, 2026, as supplemented on June 26, 2026, DeepGreen Cook Inlet SPV, LLC filed an application for a preliminary permit, pursuant to section 4(f) of the Federal Power Act (FPA), proposing to study the feasibility of the DeepGreen Cook Inlet Subsea-Compute & Infrastructure Hub Project (DeepGreen Project or project) to be located in the Upper Cook Inlet, East Foreland Corridor, Kenai Peninsula Borough, Alaska. The sole purpose of a preliminary permit, if issued, is to grant the permit holder priority to file a license application during the permit

term. A preliminary permit does not authorize the permit holder to perform any land-disturbing activities or otherwise enter upon lands or waters owned by others without the owners' express permission.

The proposed project would consist of the following: (1) approximately 330–350 marine hydrokinetic turbines utilizing a proprietary universal docking cradle system; (2) 66 modular subsea-compute hives (data center pods) integrated within the turbine array to utilize direct-coupled power and passive subsea cooling; (3) an approximately 3.5-mile long, 115 kV hybrid power/fiber-optic armored subsea cable; (4) a subsea cable landing site within the Nikiski Industrial Corridor, positioned between the Agrium Kenai Nitrogen Operations and the Kenai Liquefied Natural Gas Plant; and (5) appurtenant facilities. The estimated annual generation of the DeepGreen Project would be 100 megawatts, which would primarily be utilized to power the subsea data center. Spare electricity could be diverted to the grid via an interconnect with the Alaska Railbelt Grid at a dedicated terrestrial substation.

Applicant Contact: Louis Wolfson, Managing Member, DeepGreen Cook Inlet SPV, LLC 100 Crescent Road, Needham, MA 02494; phone: (617) 799-32326.

FERC Contact: Christopher Brosman; phone: (202) 502-8573. Email: Christopher.Brosman@ferc.gov.

Deadline for filing comments, motions to intervene, competing applications (without notices of intent), or notices of intent to file competing applications: by 5:00 p.m. Eastern Time on November 2, 2026.¹ Competing applications and notices of intent must meet the requirements of 18 CFR 4.36.

The Commission strongly encourages electronic filing. Please file comments, motions to intervene, notices of intent, and competing applications using the Commission's eFiling system at <https://ferconline.ferc.gov/eFiling.aspx>. Commenters can submit brief comments up to 10,000 characters, without prior registration, using the eComment system at <https://ferconline.ferc.gov/QuickComment.aspx>. For assistance, please contact FERC Online Support at FercOnlineSupport@ferc.gov, (866)

¹ The Commission's Rules of Practice and Procedure provide that if a filing deadline falls on a Saturday, Sunday, holiday, or other day when the Commission is closed for business, the filing deadline does not end until the close of business on the next business day. 18 CFR 385.2007(a)(2) (2025). Because the 60-day filing deadline falls on a Saturday (i.e., October 31, 2026), the filing deadline is extended until 5:00 p.m. Eastern Time on November 2, 2026.

208-3676 (toll free), or (202) 502-8659 (TTY). In lieu of electronic filing, you may submit a paper copy. Submissions sent via the U.S. Postal Service must be addressed to: Debbie-Anne A. Reese, Secretary, Federal Energy Regulatory Commission, 888 First Street NE, Room 1A, Washington, DC 20426. Submissions sent via any other carrier must be addressed to: Debbie-Anne A. Reese, Secretary, Federal Energy Regulatory Commission, 12225 Wilkins Avenue, Rockville, Maryland 20852. The first page of any filing should include docket number P-15423-000.

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.

More information about this project, including a copy of the application, can be viewed on the Commission's website (<http://www.ferc.gov>) using the "eLibrary" link. Enter the docket number, excluding the last three digits (P-15423), in the docket number field to access the document. For assistance, contact FERC Online Support.

(Authority: 18 CFR 2.1.)

Dated: September 1, 2026.

Carlos D. Clay,

Deputy Secretary.

[FR Doc. 2026-18151 Filed 9-3-26; 8:45 am]

BILLING CODE 6717-01-P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

Combined Notice of Filings

Take notice that the Commission received the following Natural Gas Pipeline Rate and Refund Report filings:

Filings Instituting Proceedings

Docket Numbers: RP26-1168-000.

Applicants: Cameron Interstate Pipeline, LLC.

Description: Compliance filing: NAESB 4.0 Compliance Filing to be effective 1/1/2027.

Filed Date: 8/31/26.

Accession Number: 20260831-5150.

Comment Date: 5 p.m. ET 9/14/26.

Docket Numbers: RP26-1169-000.

Applicants: Horizon Pipeline Company, L.L.C.

Description: § 4(d) Rate Filing: Negotiated Rate Agreement Filing-Dairyland Power Cooperative to be effective 9/1/2026.

Filed Date: 8/31/26.

Accession Number: 20260831-5151.

Comment Date: 5 p.m. ET 9/14/26.

Docket Numbers: RP26–1170–000.
Applicants: Natural Gas Pipeline Company of America LLC.
Description: Compliance filing: Compliance Filing Pursuant to Order No. 587–AB to be effective 1/1/2027.
Filed Date: 8/31/26.
Accession Number: 20260831–5157.
Comment Date: 5 p.m. ET 9/14/26.
Docket Numbers: RP26–1171–000.
Applicants: Gillis Hub Pipeline, LLC.
Description: Compliance filing: NAESB 4.0 Compliance Filing to be effective 1/1/2027.
Filed Date: 8/31/26.
Accession Number: 20260831–5160.
Comment Date: 5 p.m. ET 9/14/26.
Docket Numbers: RP26–1172–000.
Applicants: Port Arthur Pipeline, LLC.
Description: Compliance filing: NAESB 4.0 Compliance Filing to be effective 1/1/2027.
Filed Date: 8/31/26.
Accession Number: 20260831–5181.
Comment Date: 5 p.m. ET 9/14/26.
Docket Numbers: RP26–1173–000.
Applicants: Colorado Interstate Gas Company, L.L.C.
Description: § 4(d) Rate Filing: Non-Conforming Agreement Update (Black Hills Oct 2026) to be effective 10/1/2026.
Filed Date: 8/31/26.
Accession Number: 20260831–5182.
Comment Date: 5 p.m. ET 9/14/26.
Docket Numbers: RP26–1174–000.
Applicants: Northern Natural Gas Company.
Description: § 4(d) Rate Filing: 20260831 Negotiated Rate Filing to be effective 9/1/2026.
Filed Date: 8/31/26.
Accession Number: 20260831–5183.
Comment Date: 5 p.m. ET 9/14/26.
Docket Numbers: RP26–1175–000.
Applicants: El Paso Natural Gas Company, L.L.C.
Description: Compliance filing: Order No. 587–AB Compliance Filing to be effective 1/1/2027.
Filed Date: 8/31/26.
Accession Number: 20260831–5187.
Comment Date: 5 p.m. ET 9/14/26.
Docket Numbers: RP26–1176–000.
Applicants: Scout V Hugoton Gathering, LP.
Description: Tariff Amendment: Tariff Cancellation to be effective 10/1/2026.
Filed Date: 8/31/26.
Accession Number: 20260831–5192.
Comment Date: 5 p.m. ET 9/14/26.
Docket Numbers: RP26–1177–000.
Applicants: Tennessee Gas Pipeline Company, L.L.C.
Description: Compliance filing: NAESB Order No. 587–AB Compliance Filing to be effective 1/1/2027.

Filed Date: 8/31/26.
Accession Number: 20260831–5204.
Comment Date: 5 p.m. ET 9/14/26.
Docket Numbers: RP26–1178–000.
Applicants: Stagecoach Pipeline & Storage Company LLC.
Description: Compliance filing: NAESB Order No. 587–AB Compliance Filing to be effective 1/1/2027.
Filed Date: 8/31/26.
Accession Number: 20260831–5207.
Comment Date: 5 p.m. ET 9/14/26.
Docket Numbers: RP26–1179–000.
Applicants: Kinder Morgan Louisiana Pipeline LLC.
Description: Compliance filing: NAESB Order No. 587–AB Compliance Filing to be effective 1/1/2027.
Filed Date: 8/31/26.
Accession Number: 20260831–5209.
Comment Date: 5 p.m. ET 9/14/26.
Docket Numbers: RP26–1180–000.
Applicants: Arlington Storage Company, LLC.
Description: Compliance filing: NAESB Order No. 587–AB Compliance Filing to be effective 1/1/2027.
Filed Date: 8/31/26.
Accession Number: 20260831–5210.
Comment Date: 5 p.m. ET 9/14/26.
Docket Numbers: RP26–1181–000.
Applicants: MarkWest Pioneer, L.L.C.
Description: § 4(d) Rate Filing: Quarterly Fuel Adjustment Filing to be effective 10/1/2026.
Filed Date: 8/31/26.
Accession Number: 20260831–5211.
Comment Date: 5 p.m. ET 9/14/26.
Docket Numbers: RP26–1182–000.
Applicants: El Paso Natural Gas Company, L.L.C.
Description: § 4(d) Rate Filing: Negotiated Rate Agreements Update (Semptra September 2026) to be effective 9/1/2026.
Filed Date: 8/31/26.
Accession Number: 20260831–5222.
Comment Date: 5 p.m. ET 9/14/26.
Docket Numbers: RP26–1183–000.
Applicants: Algonquin Gas Transmission, LLC.
Description: § 4(d) Rate Filing: Negotiated Rates Various Releases eff 9–01–2026 to be effective 9/1/2026.
Filed Date: 8/31/26.
Accession Number: 20260831–5229.
Comment Date: 5 p.m. ET 9/14/26.
Docket Numbers: RP26–1184–000.
Applicants: El Paso Natural Gas Company, L.L.C.
Description: § 4(d) Rate Filing: Negotiated Rate Agreement Update (MRC Sept. 2026) to be effective 9/1/2026.
Filed Date: 8/31/26.
Accession Number: 20260831–5231.
Comment Date: 5 p.m. ET 9/14/26.

Docket Numbers: RP26–1185–000.
Applicants: El Paso Natural Gas Company, L.L.C.
Description: § 4(d) Rate Filing: Negotiated Rate Agreement Update (Semptra October 2026) to be effective 10/1/2026.
Filed Date: 8/31/26.
Accession Number: 20260831–5233.
Comment Date: 5 p.m. ET 9/14/26.
Docket Numbers: RP26–1186–000.
Applicants: DTM Birdsboro Pipeline, LLC.
Description: Compliance filing: Order No. 587–AB Compliance Filing to be effective 1/1/2027.
Filed Date: 8/31/26.
Accession Number: 20260831–5255.
Comment Date: 5 p.m. ET 9/14/26.
Docket Numbers: RP26–1187–000.
Applicants: Washington 10 Storage Corporation.
Description: Compliance filing: Order No. 587–AB Compliance Filing to be effective 1/1/2027.
Filed Date: 8/31/26.
Accession Number: 20260831–5257.
Comment Date: 5 p.m. ET 9/14/26.
Docket Numbers: RP26–1188–000.
Applicants: Kinder Morgan Illinois Pipeline LLC.
Description: Compliance filing: Compliance Filing Pursuant to Order No. 587–AB to be effective 1/1/2027.
Filed Date: 8/31/26.
Accession Number: 20260831–5259.
Comment Date: 5 p.m. ET 9/14/26.
Docket Numbers: RP26–1189–000.
Applicants: Horizon Pipeline Company, L.L.C.
Description: Compliance filing: Compliance Filing Pursuant to Order No. 587–AB to be effective 1/1/2027.
Filed Date: 8/31/26.
Accession Number: 20260831–5260.
Comment Date: 5 p.m. ET 9/14/26.
Docket Numbers: RP26–1190–000.
Applicants: Colorado Interstate Gas Company, L.L.C.
Description: § 4(d) Rate Filing: Annual Fuel and LUF True-up Filing Aug 2026 to be effective 10/1/2026.
Filed Date: 8/31/26.
Accession Number: 20260831–5271.
Comment Date: 5 p.m. ET 9/14/26.
Docket Numbers: RP26–1191–000.
Applicants: Transcontinental Gas Pipe Line Company, LLC.
Description: § 4(d) Rate Filing: Non-Conforming—Atlantic Sunrise—Leidy Southeast—Six One Commodities—Rev to be effective 10/1/2026.
Filed Date: 8/31/26.
Accession Number: 20260831–5287.
Comment Date: 5 p.m. ET 9/14/26.
Docket Numbers: RP26–1192–000.
Applicants: Equitrans, L.P.

Description: Compliance filing: NAESB Version 4.0 Update—Compliance Filing to be effective 1/1/2027.

Filed Date: 9/1/26.
Accession Number: 20260901–5002.
Comment Date: 5 p.m. ET 9/14/26.
Docket Numbers: RP26–1193–000.
Applicants: Mountain Valley Pipeline, LLC.

Description: Compliance filing: NAESB Version 4.0 Update—Compliance Filing to be effective 1/1/2027.

Filed Date: 9/1/26.
Accession Number: 20260901–5003.
Comment Date: 5 p.m. ET 9/14/26.
Docket Numbers: RP26–1194–000.
Applicants: Rager Mountain Storage Company LLC.

Description: Compliance filing: NAESB Version 4.0 Update—Compliance Filing to be effective 1/1/2027.

Filed Date: 9/1/26.
Accession Number: 20260901–5004.
Comment Date: 5 p.m. ET 9/14/26.
Docket Numbers: RP26–1195–000.
Applicants: Equitrans, L.P.

Description: § 4(d) Rate Filing: Negotiated Rate Capacity Release Agreements—9/1/2026 to be effective 9/1/2026.

Filed Date: 9/1/26.
Accession Number: 20260901–5010.
Comment Date: 5 p.m. ET 9/14/26.
Docket Numbers: RP26–1196–000.
Applicants: Mountain Valley Pipeline, LLC.

Description: § 4(d) Rate Filing: Negotiated Rate Capacity Release Agreements—9/1/2026 to be effective 9/1/2026.

Filed Date: 9/1/26.
Accession Number: 20260901–5021.
Comment Date: 5 p.m. ET 9/14/26.
Docket Numbers: RP26–1197–000.
Applicants: WBI Energy Transmission, Inc.

Description: § 4(d) Rate Filing: 2026 NAESB Compliance Filing to be effective 1/1/2027.

Filed Date: 9/1/26.
Accession Number: 20260901–5056.
Comment Date: 5 p.m. ET 9/14/26.
Docket Numbers: RP26–1199–000.
Applicants: RH energytrans, LLC.

Description: Compliance filing: Compliance Filing 2026 to be effective 1/1/2027.

Filed Date: 9/1/26.
Accession Number: 20260901–5066.
Comment Date: 5 p.m. ET 9/14/26.
Docket Numbers: RP26–1200–000.
Applicants: Golden Triangle Storage, LLC.

Description: Compliance filing: Compliance Filing NAESB 2026 to be effective 1/1/2027.

Filed Date: 9/1/26.

Accession Number: 20260901–5069.

Comment Date: 5 p.m. ET 9/14/26.

Docket Numbers: RP26–1201–000.

Applicants: Trunkline Gas Company, LLC.

Description: § 4(d) Rate Filing: Amended Exhibits—FPL and PGS to be effective 9/1/2026.

Filed Date: 9/1/26.

Accession Number: 20260901–5073.

Comment Date: 5 p.m. ET 9/14/26.

Docket Numbers: RP26–1202–000.

Applicants: Trunkline Gas Company, LLC.

Description: § 4(d) Rate Filing: NRA Filing—Tampa Electric Company to be effective 9/1/2026.

Filed Date: 9/1/26.

Accession Number: 20260901–5074.

Comment Date: 5 p.m. ET 9/14/26.

Docket Numbers: RP26–1203–000.

Applicants: Columbia Gulf Transmission, LLC.

Description: Compliance filing: CGT Cashout Report 2026 to be effective N/A.

Filed Date: 9/1/26.

Accession Number: 20260901–5076.

Comment Date: 5 p.m. ET 9/14/26.

Docket Numbers: RP26–1204–000.

Applicants: Adelphia Gateway, LLC.

Description: § 4(d) Rate Filing: Adelphia Gateway NCA–NRA Filing to be effective 9/15/2026.

Filed Date: 9/1/26.

Accession Number: 20260901–5079.

Comment Date: 5 p.m. ET 9/14/26.

Docket Numbers: RP26–1205–000.

Applicants: Dauphin Island Gathering Partners.

Description: Compliance filing: NAESB 4.0 587–AB Compliance to be effective 1/1/2027.

Filed Date: 9/1/26.

Accession Number: 20260901–5087.

Comment Date: 5 p.m. ET 9/14/26.

Docket Numbers: RP26–1206–000.

Applicants: USG Pipeline Company, LLC.

Description: Compliance filing: Order No. 587–AB Compliance Filing to be effective 1/1/2027.

Filed Date: 9/1/26.

Accession Number: 20260901–5111.

Comment Date: 5 p.m. ET 9/14/26.

Docket Numbers: RP26–1207–000.

Applicants: DBM Pipeline, LLC.

Description: Compliance filing: NAESB Compliance Filing 2026 to be effective 1/1/2027.

Filed Date: 9/1/26.

Accession Number: 20260901–5113.

Comment Date: 5 p.m. ET 9/14/26.

Docket Numbers: RP26–1208–000.

Applicants: Monroe Gas Storage Company, LLC.

Description: Compliance filing: NAESB 4.0 Compliance Filing to be effective 1/1/2027.

Filed Date: 9/1/26.

Accession Number: 20260901–5115.

Comment Date: 5 p.m. ET 9/14/26.

Docket Numbers: RP26–1209–000.

Applicants: Caledonia Energy Partners, L.L.C.

Description: Compliance filing: NAESB Compliance Filing 2026 to be effective 1/1/2027.

Filed Date: 9/1/26.

Accession Number: 20260901–5118.

Comment Date: 5 p.m. ET 9/14/26.

Docket Numbers: RP26–1210–000.

Applicants: Transcontinental Gas Pipe Line Company, LLC.

Description: § 4(d) Rate Filing: List of Non-Conforming Service Agreements (ASR et al—Six One Commodits—Rev) to be effective 10/2/2026.

Filed Date: 9/1/26.

Accession Number: 20260901–5123.

Comment Date: 5 p.m. ET 9/14/26.

Docket Numbers: RP26–1211–000.

Applicants: Ozark Gas Transmission, L.L.C.

Description: Compliance filing: NAESB Compliance Filing 2026 to be effective 1/1/2027.

Filed Date: 9/1/26.

Accession Number: 20260901–5126.

Comment Date: 5 p.m. ET 9/14/26.

Docket Numbers: RP26–1212–000.

Applicants: Freebird Gas Storage, L.L.C.

Description: Compliance filing: NAESB Compliance Filing 2026 to be effective 1/1/2027.

Filed Date: 9/1/26.

Accession Number: 20260901–5127.

Comment Date: 5 p.m. ET 9/14/26.

Docket Numbers: RP26–1213–000.

Applicants: Cheyenne Connector, LLC.

Description: Compliance filing: CC 2026–09–01 NAESB 4.0 Modifications (Order No. 587–AB) to be effective 1/1/2027.

Filed Date: 9/1/26.

Accession Number: 20260901–5131.

Comment Date: 5 p.m. ET 9/14/26.

Docket Numbers: RP26–1216–000.

Applicants: Rockies Express Pipeline LLC

Description: Compliance filing: REX 2026–09–01 NAESB 4.0 Modifications (Order No. 587–AB) to be effective 1/1/2027.

Filed Date: 9/1/26.

Accession Number: 20260901–5134.

Comment Date: 5 p.m. ET 9/14/26.

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.

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: September 1, 2026.

Carlos D. Clay,

Deputy Secretary.

[FR Doc. 2026-18147 Filed 9-3-26; 8:45 am]

BILLING CODE 6717-01-P

ENVIRONMENTAL PROTECTION AGENCY

[EPA-HQ-OPPT-2018-0428; FRL-13553-01-OCSPP]

1,2-Dichloropropane Draft Risk Evaluation Under the Toxic Substances Control Act (TSCA); Notice of Availability and Request for Comment

AGENCY: Environmental Protection Agency (EPA).

ACTION: Notice.

SUMMARY: The Environmental Protection Agency (EPA or Agency) is announcing the availability of and seeking public comment on a draft risk evaluation under the Toxic Substances Control Act (TSCA) for 1,2-dichloropropane. The purpose of risk evaluations under TSCA is to determine whether a chemical substance presents an unreasonable risk of injury to health or the environment under the conditions of use (COUs), including unreasonable risk to potentially exposed or susceptible subpopulations identified as relevant to the risk evaluation by EPA, and without consideration of costs or non-risk factors. EPA is seeking comment on the draft risk evaluation for 1,2-dichloropropane.

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

ADDRESSES: Submit your comments on the 1,2-dichloropropane draft risk evaluation, identified by docket ID number EPA-HQ-OPPT-2018-0428, online at <https://www.regulations.gov>.

Follow the online instructions for submitting comments. Do not submit electronically any information you consider to be Confidential Business Information (CBI) or other information whose disclosure is restricted by statute. Members of the public should also be aware that personal information included in any written comments may be posted on the internet at <https://www.regulations.gov>. Additional information on commenting or visiting the docket, along with more information about dockets generally, is available at <https://www.epa.gov/dockets>.

FOR FURTHER INFORMATION CONTACT:

For technical information on 1,2-dichloropropane: Olivia Bailey, Existing Chemical Risk Management Division, Office of Pollution Prevention and Toxics, Environmental Protection Agency, 1200 Pennsylvania Ave. NW, Washington, DC 20460-0001; telephone number: (202) 566-0894; email address: 1.2.Dichloropropane.TSCA@epa.gov.

For general information: The TSCA Assistance Information Service Hotline, Goodwill Vision Enterprises, 422 South Clinton Ave., Rochester, NY 14620; telephone number: (800) 471-7127 or (202) 554-1404; email address: TSCA-Hotline@epa.gov.

SUPPLEMENTARY INFORMATION:

I. Executive Summary

A. Does this action apply to me?

This action is directed to the public in general and may be of particular interest to those involved in the manufacture (defined under TSCA section 3(9) to include import), processing, distribution, use, and disposal of 1,2-dichloropropane, related industry trade organizations, non-governmental organizations with an interest in human and environmental health, State and local governments, Tribal Nations, and/or those interested in the assessment of risks involving chemical substances and mixtures regulated under TSCA. As such, the Agency has not attempted to describe all the specific entities that this action might apply to. If you need help determining applicability, consult the relevant technical contact listed under **FOR FURTHER INFORMATION CONTACT**.

B. What is the Agency's authority for taking this action?

The Agency is conducting this risk evaluation under TSCA section 6, (15 U.S.C. 2605) which requires that EPA conduct risk evaluations on chemical substances and identifies the minimum components EPA must include in the risk evaluations. Each risk evaluation must be conducted consistent with the best available science, be based on the weight of the scientific evidence, consider reasonably available information, and not consider costs or non-risk factors (15 U.S.C. 2625(h), (i), and (k)). See also the implementing procedural regulations at 40 CFR part 702.

C. What action is the Agency taking?

EPA is announcing the availability of and seeking public comment on the draft risk evaluation under TSCA for 1,2-dichloropropane. EPA used the best available science to prepare this draft risk evaluation and preliminarily determined, based on the weight of scientific evidence, that 1,2-dichloropropane does pose unreasonable risk to human health driven primarily by certain COUs analyzed in the draft risk evaluation.

D. What should I consider as I submit my comments to EPA?

1. Submitting CBI

Do not submit CBI through <https://www.regulations.gov> or email. If you wish to include CBI in your comment, please follow the applicable instructions at <https://www.epa.gov/dockets/commenting-epa-dockets#rules> and clearly mark the information that you claim to be CBI. Information so marked will not be disclosed except in accordance with procedures set forth in 40 CFR parts 2 and 703, as applicable.

2. Tips for Preparing Comments

When preparing and submitting your comments, see the commenting tips at <https://www.epa.gov/dockets/commenting-epa-dockets>.

II. Background for 1,2-Dichloropropane

A. What is 1,2-Dichloropropane?

1,2-Dichloropropane is a volatile, colorless liquid under normal (ambient) conditions with a sweet chloroform-like odor. It is manufactured primarily as a byproduct. Manufacturers, based on the 2024 Chemical Data Reporting (U.S. EPA, 2026, 13246149; available at <https://hero.epa.gov/reference/13246149/>), report the national aggregate production volume of 1,2-dichloropropane is between 100 and 250 million pounds. 1,2-

Dichloropropane may also be imported. Industrial and commercial uses of 1,2-dichloropropane include processing (as a reactant), laboratory chemical use, and cleaning and furnishing care products. Workers and occupational non-users (ONUs) may be exposed to 1,2-dichloropropane through the inhalation route and workers may also be exposed through the dermal route associated with manufacturing, processing, use, or disposal of 1,2-dichloropropane and products containing 1,2-dichloropropane. Consumers may be exposed to 1,2-dichloropropane through the dermal and inhalation routes during the intended use of products containing 1,2-dichloropropane. Although volatile, 1,2-dichloropropane is soluble in water and is miscible in most organic solvents. 1,2-Dichloropropane is persistent in the environment and slowly degrades over months to years if released to air, water, soil, and sediment. Environmental releases to air, water, and land occur from industrial and waste handling facilities.

B. The Risk Evaluation of 1,2-Dichloropropane

In December 2019, EPA announced its designation of 1,2-dichloropropane (Docket ID: EPA-HQ-OPPT-2018-0428) as a high-priority substance for risk evaluation under TSCA (84 FR 71924 (FRL-10003-15-OCSPP)). In April 2020, EPA published and sought public comment on the draft scope of the 1,2-dichloropropane risk evaluation (85 FR 19941 (FRL-10007-11-OCSPP)), and, after considering public comments, issued the final scope on September 4, 2020 (85 FR 55281 (FRL-10013-90-OCSPP)). In June 2026, EPA released the draft human health and environmental hazard assessment for public comment and external peer review by the *Science Advisory Committee on Chemicals (SACC)*. As part of the SACC deliberations, the Agency held a virtual public meeting to discuss the draft human health and environmental hazard assessment in August 2026. For more information about this meeting, go to the SACC website at <https://www.epa.gov/tsca-peer-review/science-advisory-committee-chemicals-meetings>. In July 2026, EPA also released the draft chemistry, fate, release, and exposure assessment for 1,2-dichloropropane.

In this draft risk evaluation, EPA assessed human health risk to workers (including ONUs), consumers, and the general population (including fenceline communities and potentially exposed susceptible subpopulations (PESS)) exposed to environmental releases of 1,2-dichloropropane. Specifically, EPA

evaluated acute, intermediate, and chronic non-cancer and cancer risks to workers and ONUs; acute and chronic non-cancer risks to consumers; and acute and chronic non-cancer and cancer risks to the general population (including fenceline communities and PESS). This draft risk evaluation also assessed acute and chronic risks to the environment, specifically to aquatic and terrestrial species.

C. Request for Comment

EPA seeks feedback on the assessment of risk presented in the draft risk evaluation for 1,2-dichloropropane, a copy of which is available in the docket, and encourages all potentially interested parties, including individuals, governmental and non-governmental organizations, non-profit organizations, academic institutions, research institutions, and private sector entities to comment on the draft risk evaluation. To the extent possible, the Agency asks commenters to please cite any public data related to or that support comments provided, and to the extent permissible, describe any supporting data that are not publicly available.

EPA welcomes specific input on each section of the draft risk evaluation, and is particularly interested in:

- Information on whether 1,2-dichloropropane is manufactured as a primary product, or by other manufacturing processes not discussed in this assessment.
- Information on how 1,2-dichloropropane may be distributed for use as a laboratory chemical and in cleaning and furnishing care products.
- Information on the amounts of 1,2-dichloropropane used by commercial laboratories (occupational exposure scenario (OES) #5) on a daily (kg/site-day) and yearly (kg/site-yr) basis and corresponding personal protective equipment (PPE) and engineering controls to reduce exposures.
- Information on the use of 1,2-dichloropropane in all-purpose liquid cleaner/polish or waxes and polishes—particularly for stone polishing and cleaning—including any information supporting this use as a reasonably foreseen use and any information regarding the use being reestablished in the United States. Information may include (1) the potential for 1,2-dichloropropane to be utilized in stone waxes, polishes, and cleaners, including but not limited to information on technological or economic factors that indicate this chemical may or may not be utilized in this type of product going forward; (2) any information on application of these products including method of application, settings, surface

area treated and amounts applied; and (3) inhalation and dermal exposure measurements or alternative modeling approaches that would inform EPA's assessment of the commercial and consumer scenarios.

- Information to inform and refine the occupational exposure assessment, including monitoring data, worker activities, concentration of 1,2-dichloropropane as it arrives at sites for these OESs and information on exposure controls and PPE, in particular for the following OESs: Import/Processing-Repackaging (OES #2), Processing Aid (OES #4), Disposal to Incineration (OES #7), Disposal to Landfill (OES #8), and Disposal to publicly owned treatment works (POTW) and Non-POTW wastewater treatment (WWT) (OES #9, #10).

- Information to inform whether the inhalation monitoring data from manufacturing/processing facilities that was used to evaluate occupational exposures for Disposal to Incineration (OES #7), Disposal to POTW/Non-POTW WWT (OES #9 and 10), and Remediation (OES #11) is representative of these OESs—including information on worker activities (e.g., typical working hours/day and days/year, and personal protective equipment [PPE] use), concentrations of 1,2-dichloropropane in waste streams, and other inhalation monitoring data that could be utilized to assess exposures for these OESs.

- Information that can be used to inform or refine interpretation of occupational exposure estimates for similar exposure groups (SEGs) with large variation in occupational exposure concentrations (e.g., the marine logistics technician SEG evaluated under the Processing as a Reactant (OES #3)).

- Information on exposure controls and PPE used for each of the COUs, including information on the use of gloves. Specifically, EPA seeks information on prevalence of glove and respirator use, specific tasks for which each is used, glove material, and information on dermal protection programs.

- Information on the effectiveness of glove types for preventing exposures from 1,2-dichloropropane in the context of tasks performed under the COUs—including how workers and their exposure may be affected when using chemically resistant gloves, measured permeation testing of certain types of gloves, and temperature considerations (as identified in the Hand Protection section of the Occupational Safety and Health Administration (OSHA)'s Personal Protective Equipment Guidance and in alignment with the

OSHA Hand Protection PPE Standard (29 CFR 1910.138)).

- Other information on any relevant studies or other data sources that were not identified by EPA.

III. Next Steps

After consideration of comments received from the public on the draft risk evaluation and input from the Scientific Advisory Committee on Chemicals (SACC) peer review, EPA will issue the final risk evaluation for 1,2-dichloropropane. Under TSCA section 6, EPA must use the final risk evaluation as a basis to determine, based on the weight of scientific evidence, whether or not the chemical presents an unreasonable risk to human health or the environment under the chemical's COUs. This includes risks to subpopulations who may be at greater risks than the general population, such as children and workers. TSCA prohibits EPA from considering non-risk factors (e.g., costs/benefits) during risk evaluation.

For more information about the TSCA risk evaluation process for existing chemicals, go to <https://www.epa.gov/assessing-and-managing-chemicals-under-tsca>.

(Authority: 15 U.S.C. 2601 *et seq.*)

Dated: September 1, 2026.

Douglas M. Troutman,

Assistant Administrator, Office of Chemical Safety and Pollution Prevention.

[FR Doc. 2026-18117 Filed 9-3-26; 8:45 am]

BILLING CODE 6560-50-P

ENVIRONMENTAL PROTECTION AGENCY

[EPA-HQ-OAR-2026-6898; FRL-13596-01-OAR]

Agency Information Collection Activities; Proposed Information Collection Request; Comment Request; Control of Air Pollution From New Motor Vehicles: Heavy-Duty Engine and Vehicle Standards (Renewal)

AGENCY: Environmental Protection Agency (EPA).

ACTION: Notice.

SUMMARY: The Environmental Protection Agency (EPA) is planning to submit an information collection request (ICR), Control of Air Pollution from New Motor Vehicles: Heavy-Duty Engine and Vehicle Standards (Renewal) (EPA ICR Number 2621.03, OMB Control Number 2060-0741) to the Office of Management and Budget (OMB) for review and approval in accordance with the

Paperwork Reduction Act. Before doing so, EPA is soliciting public comments on specific aspects of the proposed information collection as described below. This is a proposed extension of the ICR, which is currently approved through May 31, 2027. This notice allows for 60 days for public comments.

DATES: Comments must be submitted on or before November 3, 2026.

ADDRESSES: Submit your comments, referencing Docket ID Number EPA-HQ-OAR-2026-6898, to EPA online using www.regulations.gov (our preferred method), or by mail to: EPA Docket Center, Environmental Protection Agency, Mail Code 28221T, 1200 Pennsylvania Ave. NW, Washington, DC 20460. EPA's policy is that all comments received will be included in the public docket without change including any personal information provided, unless the comment includes profanity, threats, information claimed to be Confidential Business Information (CBI) or other information whose disclosure is restricted by statute.

FOR FURTHER INFORMATION CONTACT: Noah Goldberg, Implementation, Analysis, and Compliance Division, Diesel Engine Compliance Branch, Environmental Protection Agency, 2000 Traverwood, Ann Arbor, MI 48105; telephone number: (734) 214-4772; email address: goldberg.noah@epa.gov.

SUPPLEMENTARY INFORMATION: This is a proposed extension of the ICR, which is currently approved through May 31, 2027. An agency may not conduct or sponsor and a person is not required to respond to a collection of information unless it displays a currently valid OMB control number.

This notice allows 60 days for public comments. Supporting documents, which explain in detail the information that the EPA will be collecting, are available in the public docket for this ICR. The docket can be viewed online at www.regulations.gov or in person at the EPA Docket Center, WJC West, Room 3334, 1301 Constitution Ave. NW, Washington, DC. The telephone number for the Docket Center is 202-566-1744. For additional information about EPA's public docket, visit <http://www.epa.gov/dockets>.

Pursuant to section 3506(c)(2)(A) of the PRA, EPA is soliciting comments and information to enable it to: (i) evaluate whether the proposed collection of information is necessary for the proper performance of the functions of the Agency, including whether the information will have practical utility; (ii) evaluate the accuracy of the Agency's estimate of the

burden of the proposed collection of information, including the validity of the methodology and assumptions used; (iii) enhance the quality, utility, and clarity of the information to be collected; and (iv) minimize the burden of the collection of information on those who are to respond, including through the use of appropriate forms of information technology. EPA will consider the comments received and amend the ICR as appropriate. The final ICR package will then be submitted to OMB for review and approval. At that time, EPA will issue another **Federal Register** notice to announce the submission of the ICR to OMB and the opportunity to submit additional comments to OMB.

Abstract: This ICR renewal covers the burden associated with the regulatory requirements of the Control of Air Pollution From New Motor Vehicles: Heavy-Duty Engine and Vehicle Standards Final Rule (88 FR 4296, January 24, 2023). This rule, known as the Heavy-duty 2027 rule, built upon pre-existing certification and compliance requirements required under title II of the Clean Air Act (42 U.S.C. 7521 *et seq.*) and which are covered under two other ICRs: (1) EPA ICR Number 1684.20, OMB Control Number 2060-0287, Emissions Certification and Compliance Requirements for Nonroad Compression-ignition Engines and On-highway Heavy Duty Engines; and (2) EPA ICR Number 1695.14, OMB Control Number 2060-0338, Certification and Compliance Requirements for Nonroad Spark-ignition Engines.

The specific provisions EPA adopted in the Heavy-duty 2027 rule that pertain to certification reporting and recordkeeping requirements and that impact the Agency's information collection burden estimate include changes to emission standards, test procedures, regulatory useful life, emission-related warranty requirements and other compliance provisions. Please see the supporting statement in the docket for more detail.

The information described in this ICR will be collected by EPA's Implementation, Analysis, and Compliance Division (IACD) within the Office of Transportation and Air Quality (OTAQ), Office of Air and Radiation (OAR). The information may be used by EPA and the Department of Justice for enforcement purposes. Some non-confidential certification data are disclosed on EPA's website and may be used by trade associations, environmental groups, and the public. The information is collected

electronically and stored in IACD's databases.

Form Numbers: None.

Respondents/affected entities: The entities potentially affected by this action are manufacturers of engines and vehicles in the heavy-duty on-highway industries, including alternative fuel converters, and secondary vehicle manufacturers. Manufacturers of light-duty vehicles, light-duty trucks, marine diesel engines, locomotives, and various other types of nonroad engines, vehicles, and equipment may be affected to a lesser degree.

Respondent's obligation to respond: Regulated entities must respond to this collection if they wish to sell their products in the United States, as prescribed by CAA section 203(a). Participation in some programs is voluntary; but once a manufacturer has elected to participate, it must submit the required information.

Estimated number of respondents: 279 (total).

Frequency of response: Annually or on occasion, depending on the type of response.

Total estimated burden: 16,951 hours per year (61 hours per respondent, per year) hours (per year). Burden is defined at 5 CFR 1320.03(b).

Total estimated cost: \$4,370,543 (per year), which includes operation & maintenance.

Changes in the Estimates: The burden has increased by \$1,056,924 since the final rule became effective on March 27, 2023. This is due to increased labor and inflation rates.

Byron Bunker,

Director, Implementation, Analysis and Compliance Division.

[FR Doc. 2026-18168 Filed 9-3-26; 8:45 am]

BILLING CODE 6560-50-P

EXPORT-IMPORT BANK

Notice of Open Meeting for the 2026–2027 EXIM Advisory and Sub-Saharan Africa Advisory Committees

Time and Date: Monday, September 21st, 2026.

Advisory Committee: 2:00 p.m.–3:30 p.m. ET.

Sub-Saharan Africa Advisory Committee: 3:45 p.m.–5:15 p.m. ET.

Place: Hybrid: The two meetings will be held in-person for committee members, EXIM's Board of Directors and support staff. All other participants must register to attend virtually.

Registration and Public Comment: Virtual Public Participation: The meetings will be open to public

participation virtually and time will be allotted for questions or comments submitted online. Members of the public may also file written statements before or after the meeting to advisory@exim.gov.

Interested parties may register for the meetings at: *Advisory Committee:* <https://events.teams.microsoft.com/event/338d0064-0f44-4167-be42-7edff4ec4658@b953013c-c791-4d32-996f-518390854527>.

Sub-Saharan Africa Advisory Committee: <https://events.teams.microsoft.com/event/852194fc-f189-4bae-8c25-403e7a3b30d8@b953013c-c791-4d32-996f-518390854527>.

Matters To Be Considered: Discussion of EXIM policies and programs designed to support the expansion of financing support for U.S. manufactured goods and services.

Contact Person for More Information: For more information about applying for membership to any of the committees, please contact India Walker at advisory@exim.gov.

Authority: The Committee was established by the Bank as directed by Section 2(b)(9) of the Export Import Bank Act of 1945. These Advisory Committees are chartered in accordance with the Federal Advisory Committee Act ("FACA"), 5 U.S.C. App.

India Walker,

Deputy Vice President, Office of External Affairs.

[FR Doc. 2026-18186 Filed 9-3-26; 8:45 am]

BILLING CODE 6690-01-P

FEDERAL COMMUNICATIONS COMMISSION

[OMB 3060-1319; FR ID 365680]

Information Collection 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 might further reduce the information collection burden for small business concerns with fewer than 25 employees.

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.

DATES: Written comments and recommendations for the proposed information collection should be submitted on or before October 5, 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 Nicole Ongele, FCC, via email to PRA@fcc.gov and to Nicole.Ongele@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 Nicole Ongele at (202) 418-2991. 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: 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 Number: 3060-1319.

Title: Enhanced A-CAM

Cybersecurity and Supply Chain Risk Management Plan Requirements.

Form Number: N/A.

Type of Review: Extension of a currently approved collection.

Respondents: Business or other for-profit entities, and State, Local or Tribal governments.

Number of Respondents and Responses: 450 respondents; 900 responses.

Estimated Time per Response: 10–50 hours.

Frequency of Response: One-time and on occasion reporting requirements.

Obligation to Respond: Required to obtain or retain benefits. Statutory authority for this information collection is contained in 47 U.S.C. 154(i), 214, 218–220, 254, 303(r), and 403.

Total Annual Burden: 27,000 hours.

Total Annual Cost: No Cost.

Needs and Uses: On July 24, 2023, the Commission released the *Enhanced A-CAM Order* (Order), 88 FR 55918, August 17, 2023, WC Docket No. 10–90 et al., FCC 23–60, which adopted a voluntary path for supporting the widespread deployment of 100/20 Mbps broadband service throughout the rural areas served by carriers currently receiving Alternative Connect America Cost Model (A-CAM) support and in areas served by rate-of-return carriers eligible to receive legacy support by the end of 2028. The Commission extended by 10 years beyond the remaining five years, for a total of 15 years, the term of support for electing carriers and set a methodology for determining support amounts for locations without 100/20 Mbps broadband service within a potential budget of no more than \$1.27 billion annually, or no more than \$1.33 billion annually if certain conditions are met, using an updated version of the A-CAM. By adopting this program, the Commission furthered its long-standing goals by promoting the universal availability of voice and broadband networks, while also taking measures to

minimize the burden on the nation's ratepayers. The Commission also adopted requirements for the Enhanced A-CAM program to complement existing Federal, state, and local funding programs, so that broadband funding can be used efficiently to maximize the deployment of high-quality broadband service across the United States.

To ensure that the Enhanced A-CAM program does not deprive rural consumers in high-cost areas of broadband service that is as secure as the service deployed pursuant to other Federal funding initiatives, the Commission required Enhanced A-CAM carriers to implement operational cybersecurity and supply chain risk management plans by January 1, 2024—the start of the Enhanced A-CAM support term. Enhanced A-CAM carriers were required to submit such plans to the Universal Service Administrative Company (USAC) and certify they have done so, by February 12, 2024. Failure to submit the plans and make the certification results in 25% of monthly support being withheld until the carrier comes into compliance. If a carrier makes a substantive modification to its cybersecurity or supply chain risk management plan, the Commission requires that the carrier submit its updated plan to USAC within 30 days of making that modification.

The purpose of this information collection is to collect the operational cybersecurity and supply chain risk management plans required of the Enhanced A-CAM carriers and address the burdens associated with that requirement.

Federal Communications Commission.

Marlene Dortch,

Secretary, Office of the Secretary.

[FR Doc. 2026–18170 Filed 9–3–26; 8:45 am]

BILLING CODE 6712-01-P

FEDERAL MARITIME COMMISSION

[Docket No. 26–12]

Samsung Electronics America, INC., Complainant v. CMA CGM S.A., Respondent; Notice of Filing of Complaint and Assignment

Notice is given that a complaint has been filed with the Federal Maritime Commission (the “Commission”) by Samsung Electronics America, Inc. (the “Complainant”) against CMA CGM S.A. (the “Respondent”). Complainant states that the Commission has subject-matter jurisdiction over this complaint pursuant to the Shipping Act of 1984, 46 U.S.C. 41301, and over Respondent as a vessel-operating “ocean common

carrier,” as that term is defined by 46 U.S.C. 40102(7) and (18).

Complainant is a corporation organized and existing under the laws of the state of New York, with a place of business in Englewood Cliffs, New Jersey.

Complainant identifies Respondent as a société anonyme existing under the laws of the Republic of France with a principal place of business in Marseille, France.

Complainant alleges that Respondent violated 46 U.S.C. 41102(c), and 46 CFR 545.4 and 545.5. Complainant alleges these violations arose from the assessment of demurrage and detention charges arising from delays and circumstances beyond Complainant's control; failure to perform inland transportation obligations; improper cargo holds, billing, and dispute resolution practices; and other acts or omissions of Respondent.

An answer to the complaint must be filed with the Commission within 25 days after the date of service.

The full text of the complaint can be found in the Commission's electronic Reading Room at <https://www2.fmc.gov/readingroom/proceeding/26-12/>. This proceeding has been assigned to the Office of Administrative Law Judges. The initial decision of the presiding judge shall be issued by September 1, 2027, and the final decision of the Commission shall be issued by March 15, 2028.

(Authority: 46 U.S.C. 41301; 46 CFR 502.61(c))

Served: September 1, 2026.

David Eng,

Secretary.

[FR Doc. 2026–18122 Filed 9–3–26; 8:45 am]

BILLING CODE 6730-02-P

FEDERAL MEDIATION AND CONCILIATION SERVICE

Senior Executive Service Performance Review Board

AGENCY: Federal Mediation and Conciliation Service (FMCS).

ACTION: Notice of Senior Executive Service Performance Review Board.

SUMMARY: The Federal Mediation and Conciliation Service (FMCS) is issuing this notice to inform the public of the names of the members of the Agency's Senior Executive Service (SES) Performance Review Board.

DATES: This SES Performance Review Board is effective September 4, 2026.

FOR FURTHER INFORMATION CONTACT: Anna Davis, General Counsel, 202–606–

3737, ogc@fmcs.gov, 250 E St. SW, Washington, DC 20427.

SUPPLEMENTARY INFORMATION: Sec. 4314(c)(1) through (5) of title 5, U.S.C., requires each agency to establish, in accordance with regulations prescribed by the Office of Personnel Management, one or more performance review boards. The board shall review and evaluate the initial appraisal of a senior executive's performance by the supervisor, along with any recommendations to the appointing authority relative to the performance of the senior executive.

The members of FMCS's Performance Review Board are:

1. Adrienne Adger, Director, Office of Human Resources (Chair and non-voting member), Federal Mediation and Conciliation Service
2. Julie Berko, Chief Operating Officer, Federal Mediation and Conciliation Service
3. Sarah Cudahy, Deputy Director, Field Operations, Federal Mediation and Conciliation Service
4. Rodney W. Rivera Jr., External Career SES member, Associate Director for Administration, National Institute of Child Health and Human Development, National Institutes of Health

Dated: September 2, 2026.

Anna Davis,
General Counsel.

[FR Doc. 2026-18129 Filed 9-3-26; 8:45 am]

BILLING CODE 6732-01-P

FEDERAL RESERVE SYSTEM

Change in Bank Control Notices; Acquisitions of Shares of a Bank or Bank Holding Company

The notificants listed below have applied under the Change in Bank Control Act (Act) (12 U.S.C. 1817(j)) and § 225.41 of the Board's Regulation Y (12 CFR 225.41) to acquire shares of a bank or bank holding company. The factors that are considered in acting on the applications are set forth in paragraph 7 of the Act (12 U.S.C. 1817(j)(7)).

The public portions of the applications listed below, as well as other related filings required by the Board, if any, are available for immediate inspection at the Federal Reserve Bank(s) indicated below and at the offices of the Board of Governors. This information may also be obtained on an expedited basis, upon request, by contacting the appropriate Federal Reserve Bank and from the Board's Freedom of Information Office at <https://www.federalreserve.gov/foia/request.htm>. Interested persons may

express their views in writing on the standards enumerated in paragraph 7 of the Act.

Comments received are subject to public disclosure. In general, comments received will be made available without change and will not be modified to remove personal or business information including confidential, contact, or other identifying information. Comments should not include any information such as confidential information that would not be appropriate for public disclosure.

Comments regarding each of these applications must be received at the Reserve Bank indicated or the offices of the Board of Governors, Benjamin W. McDonough, Secretary of the Board, 20th Street and Constitution Avenue NW, Washington, DC 20551-0001, not later than September 21, 2026.

A. Federal Reserve Bank of Chicago (Christopher Koopmans, Senior Vice President) 230 South LaSalle Street, Chicago, Illinois 60690-1414.

Comments can also be sent electronically to

Comments.applications@chi.frb.org:

1. *Jamie A. Hagenow, Verona, Wisconsin; Carrie E. Jones, Platteville, Wisconsin; Valerie Battisti, Palatine, Illinois; Baline Stamm, and the Jeffrey L. Stamm Trust, Jeffrey L. Stamm, as trustee, all of Lena, Illinois; the Cali R. Lelle Trust A, Cali R. Lelle, as trustee, ; and the Cali Lelle Revocable Living Trust, Cali R. Lelle and Larry Lelle, as co-trustees, all of Arlington Heights, Illinois; to join the Lelle-Stamm Family Group, a group acting in concert, to retain voting shares of First Lena Corporation. and thereby indirectly retain voting shares of Citizens State Bank, both of Lena, Illinois.*

Board of Governors of the Federal Reserve System.

Michele Taylor Fennell,
Associate Secretary of the Board.

[FR Doc. 2026-18187 Filed 9-3-26; 8:45 am]

BILLING CODE 6210-01-P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Food and Drug Administration

[Docket No. FDA-2026-N-9550]

Advancing Development of Botanical Drug Products; Request for Information

AGENCY: Food and Drug Administration, HHS.

ACTION: Notice; request for information; establishment of a public docket.

SUMMARY: The Food and Drug Administration (FDA or Agency) is opening a public docket to solicit comments on FDA's efforts to advance development of botanical drug products (BDPs). FDA is publishing this request for information to better understand stakeholders' perspectives on the state of BDP development in the United States, challenges encountered, and potential solutions to gathering the information required by the Federal Food, Drug, and Cosmetic Act (FD&C Act).

DATES: Submit either electronic or written comments, data, or information by November 3, 2026.

ADDRESSES: You may submit comments, data, and information as follows. Please note that late, untimely filed comments will not be considered. The <https://www.regulations.gov> electronic filing system will accept comments until 11:59 p.m. Eastern Time at the end of November 3, 2026. Comments received by mail/hand delivery/courier (for written/paper submissions) will be considered timely if they are received on or before that date.

Electronic Submissions

Submit electronic comments in the following way:

- **Federal eRulemaking Portal:** <https://www.regulations.gov>. Follow the instructions for submitting comments. Comments submitted electronically, including attachments, to <https://www.regulations.gov> will be posted to the docket unchanged. Because your comment will be made public, you are solely responsible for ensuring that your comment 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 comments, that information will be posted on <https://www.regulations.gov>.

- If you want to submit a comment with confidential information that you do not wish to be made available to the public, submit the comment as a written/paper submission and in the manner detailed (see "Written/Paper Submissions" and "Instructions").

Written/Paper Submissions

Submit written/paper submissions as follows:

- **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 written/paper comments submitted to the Dockets Management Staff, FDA will post your comment, as well as any attachments, except for information submitted, marked and identified, as confidential, if submitted as detailed in “Instructions.”

Instructions: All submissions received must include the Docket No. FDA–2026–N–9550 for “Advancing Development of Botanical Drug Products; Request for Information.” Received comments, those filed in a timely manner (see **ADDRESSES**), 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 a comment with confidential information that you do not wish to be made publicly available, submit your comments 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 comments. 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 to read background documents or the electronic and written/paper comments received, 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, 240–402–7500.

FOR FURTHER INFORMATION CONTACT:

Caroline Huang, Center for Drug Evaluation and Research, Food and Drug Administration, 10903 New Hampshire Ave., Bldg. 51, Rm. 6117, Silver Spring, MD 20993–0002, 855–543–3784, botanicaldrugproducts@fda.hhs.gov.

SUPPLEMENTARY INFORMATION:

I. Background

There is broad public interest in botanical products among consumers, researchers, clinicians, industry, the U.S. Federal Government, and international regulators. Consumers report widespread use of botanical products for self-treatment of a variety of conditions. In light of this, FDA seeks to facilitate additional research on botanicals, with the goal of accelerating drug product development and review of clinical treatments in this space.

In this notice, the terms “botanicals,” “botanical drug products,” and “BDPs” refer to drug products that include or may be derived from plant materials, algae, macroscopic fungi, or combinations thereof and that are intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease in humans.¹ BDPs may be available as, but are not limited to, solutions (e.g., tea), powders, tablets, capsules, tinctures, topicals, or injections.

The inherent heterogeneity of botanicals creates unique challenges in research, product development, and regulatory review. In recognition of these unique considerations, FDA published the guidance for industry “Botanical Drug Development” on December 29, 2016 (81 FR 96018) (available at <https://www.fda.gov/media/93113/download>),² outlining recommendations related to characterization, quality control, clinical investigation, and regulatory considerations for BDPs. Despite increasing interest in plant-based medicines, researchers and developers of botanicals report a variety of challenges, such as clinical trial design and implementation, production quality

and consistency, and other development considerations.

To date, four botanical products have been approved for marketing as prescription drugs under the new drug application (NDA) and biologics license application (BLA) pathways. The three NDAs include drug products containing the active ingredients sinecatechins, crofelemer, and birch triterpenes, respectively. The BLA contains the active ingredient anacaulase-bcdb. Additionally, botanical active ingredients such as psyllium and witch hazel can be marketed under certain over-the-counter (OTC) monographs.³

Building on the lessons learned from these marketed products and the Agency’s experience with other BDP development programs, FDA seeks to accelerate development of BDPs. As part of this effort, FDA recently collaborated on a roundtable to gather information on challenges and opportunities for development of BDPs.⁴ External roundtable participants identified several potential opportunities to accelerate the development and review of BDPs, such as incorporating real-world evidence to inform fit-for-purpose BDP development programs, identifying and applying appropriate quality frameworks to address batch-to-batch variability and ensure reproducibility, and increasing education and outreach to align understanding across the development ecosystem.

II. Topics for Public Input

FDA seeks information and comments from researchers, clinicians, industry members, and other interested parties on the following questions:

1. Research and BDP development experience:

a. What challenges, if any, have you encountered in botanical research or drug product development programs which you have led or to which you have contributed? For example, have you encountered specific challenges in studies in healthy volunteers compared to studies in patient populations, or vice versa? Provide detailed information and comments on the progress of and challenges for these programs.

³ OTC monograph drugs can be marketed without an approved drug application under section 505 of the FD&C Act (21 U.S.C. 355) if they meet the requirements of section 505G of the FD&C Act (21 U.S.C. 355h), including applicable conditions in an OTC monograph and other applicable requirements. An OTC monograph establishes conditions, such as active ingredients, uses (indications), doses, routes of administration, labeling, and testing, under which an OTC drug in a given therapeutic category is generally recognized as safe and effective for its intended use.

⁴ For more information on this roundtable, see <https://reaganudall.org/projects/botanical-drug-development-roundtable>.

¹ See section 201(g)(1) of the FD&C Act (21 U.S.C. 321(g)(1)) for the definition of the term “drug”. For more information on BDPs, see FDA’s web page “What is a Botanical Drug?” at <https://www.fda.gov/about-fda/cder-offices-and-divisions/what-botanical-drug>.

² The draft guidance for industry “Botanical Drug Products” was issued in August 2000, finalized in June 2004, and later revised in August 2015, at which point the title was revised to “Botanical Drug Development.” This revised draft guidance was finalized in December 2016. Available at <https://www.fda.gov/media/93113/download>.

b. How are you using existing FDA resources to advance development of BDPs, if at all?

c. What systems, processes, and/or standard practices do you have in place as part of your drug product development program that facilitate gathering the information required by the FD&C Act and the implementing regulations in Title 21 of the Code of Federal Regulations (21 CFR)?

2. General challenges:

a. What challenges have you experienced or do you foresee for BDP development (e.g., scientific and economic)?

b. What are the challenges, regulatory or otherwise, in developing minimally purified or whole plant products versus highly purified or isolate products?

3. General opportunities:

a. What innovative approaches can FDA and/or industry take to support and accelerate BDP development?

b. What approaches have been successful in streamlining BDP development without impacting safety, efficacy, or quality of the BDP?

c. Which specific updates (e.g., to guidance or other materials) would provide clarity on FDA's approach to botanicals?

d. What opportunities exist for standards development (e.g., quality standards) outside of FDA to support advancements in BDP development and review?

e. What scientifically credible study designs are best suited for complex botanical mixtures, and how should those be assessed (e.g., with respect to safety, efficacy, and quality)?

f. How could information from botanicals with well-established use, generally accepted scientific knowledge, and/or real-world evidence be utilized to facilitate development?

Grace R. Graham,

Deputy Commissioner for Policy, Legislation, and International Affairs.

[FR Doc. 2026-18133 Filed 9-3-26; 8:45 am]

BILLING CODE 4164-01-P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Health Resources and Services Administration

Agency Information Collection Activities: Submission to OMB for Review and Approval; Public Comment Request; Information Collection Request Title: Rural Communities Opioid Response Program Performance Measures, OMB No. 0906-XXXX-New

AGENCY: Health Resources and Services Administration (HRSA), Department of Health and Human Services.

ACTION: Notice.

SUMMARY: In compliance with the Paperwork Reduction Act of 1995, HRSA submitted an Information Collection Request (ICR) to the Office of Management and Budget (OMB) for review and approval. Comments submitted during the first public review of this ICR will be provided to OMB. OMB will accept further comments from the public during the review and approval period. OMB may act on HRSA's ICR only after the 30-day comment period for this notice has closed.

DATES: Comments on this ICR should be received no later than October 5, 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 Review—Open for Public Comments" or by using the search function.

FOR FURTHER INFORMATION CONTACT: To request a copy of the clearance requests submitted to OMB for review, email Samantha Miller, the HRSA Information Collection Clearance Officer, at paperwork@hrsa.gov or call (301) 443-9094.

SUPPLEMENTARY INFORMATION:

Information Collection Request Title: Rural Communities Opioid Response Program Performance Measures, OMB No. 0906-XXXX-New.

Abstract: HRSA administers the Rural Communities Opioid Response Program (RCORP), which is authorized by Section 711(b)(5) of the Social Security Act (42 U.S.C. 912(b)(5)) and is a multi-initiative program that aims to: (1) support treatment for and prevention of substance use disorder (SUD), including opioid use disorder (OUD); and (2) reduce morbidity and mortality

associated with SUD, including OUD, by improving access to and delivering prevention, treatment, and recovery support services to high-risk rural communities. To support this purpose, RCORP grant initiatives include:

- RCORP-Northern Border Rural Workforce which aims to improve health care in rural areas within the Northern Border Regional Commission's service area by enhancing behavioral health workforce capacity.
- RCORP-Pathways which aims to create innovative new youth-focused behavioral health care support programs, while also offering behavioral health care career pathway opportunities in rural communities.
- RCORP-Overdose Response recipients address immediate needs in rural areas through improving access to capacity for, and sustainability of prevention, treatment, and recovery services for SUD.

A 60-day notice published in the **Federal Register** on May 27, 2026, vol. 91, No.101; pp. 31464-65. There were no public comments.

Need and Proposed Use of the Information: Due to the growth in the number of grant initiatives included within RCORP, as well as emerging SUD and other behavioral health trends in rural communities, HRSA is submitting a new ICR that includes performance measures for the new RCORP-Northern Border Rural Workforce, Pathways, and Overdose Response grant programs. HRSA developed performance measures to provide data on each RCORP initiative and to enable HRSA to provide aggregate program data required by Congress under the Government Performance and Results Act of 1993. These measures cover the principal topic areas of interest to HRSA, including: (a) provision of, and referral to, rural behavioral health care services, including SUD prevention, treatment, and recovery support services; (b) behavioral health care, including SUD prevention, treatment, and recovery, process and outcomes; (c) provider prevention, treatment, and recovery services; (d) sustainability; and (e) development of workforce/career pathway programs. Performance measures for the RCORP initiative include common elements about consortium/network activities, direct services provided and service access, workforce, and sustainability while also capturing tailored measures for each specific program.

Likely Respondents: The respondents will be the recipients of RCORP-Northern Border Rural Workforce, Pathways, and Overdose Response grant programs

Burden Statement: Burden in this context means the time expended by persons to generate, maintain, retain, disclose, or provide the information requested. This includes the time needed to review instructions; to develop, acquire, install, and utilize

technology and systems for the purpose of collecting, validating, and verifying information, processing and maintaining information, and disclosing and providing information; to train personnel and to be able to respond to a collection of information; to search

data sources; to complete and review the collection of information; and to transmit or otherwise disclose the information. The total annual burden hours estimated for this ICR are summarized in the table below.

TOTAL ESTIMATED ANNUALIZED BURDEN HOURS:

Form name	Number of respondents	Number of responses per respondent	Total responses	Average burden per response (in hours)	Total burden hours
RCORP-Northern Border Rural Workforce	8	1	8	1.21	9.68
RCORP-Pathways	12	1	12	2.72	32.64
RCORP-Overdose Response	37	1	37	0.70	25.90
Total	57	.....	57	.....	68.22

Maria G. Button,

Director, Executive Secretariat.

[FR Doc. 2026-18115 Filed 9-3-26; 8:45 am]

BILLING CODE 4165-15-P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Performance Review Board Members

AGENCY: Department of Health and Human Services (HHS).

ACTION: Notice.

SUMMARY: The Department of Health and Human Services (HHS) is publishing the names of the Performance Review Board Members (PRB) who are reviewing performance of Senior Executive Service members, Title 42 executives, Senior Level, and Scientific Professional employees for Fiscal Year 2026.

FOR FURTHER INFORMATION CONTACT:

Dededrick Rivers, Program Manager, Executive Performance Management, Department of Health and Human Services, 330 C Street SW, Washington, DC 20201, (202) 389-2501.

SUPPLEMENTARY INFORMATION: Title 5, U.S.C. 4314(c)(4) of the Civil Service Reform Act of 1978 (Public Law 95-454) requires agencies to publish PRB member appointments in the **Federal Register**. HHS is appointing the following individuals to a roster for potential service on the Department's Performance Review Boards (PRBs) for calendar years 2026 and 2027.

The PRBs will review individual performance appraisals and organizational assessments for Senior Executive Service, Senior Level/Senior Technical, and Title 42 executive equivalent employees. Based on these reviews, the boards will recommend performance ratings and rating-based compensation to the HHS Secretary.

Name	Name
ACOSTA, OLGA M	BULLS, MICHELLE P
ADAMS, STEVEN A	BURKS, DEMICA M
AIGNER-TREWORGY, SAMANTHA L	BURNS, WILLIAM S
AIYELAWO, PIUS A	BURNSZYNSKI, JENNIFER C
ALLEN, KIMBERLY M	BUSH, MARGARET M
ALLEN, MICHAEL T	BUZZELLI, MATTHEW J
ALMARAZ, SANTIAGO	CABEZAS, MIRIAM G
AMES, KAREN W	CALLAHAN, KENNETH R
AMLOTTE, JOSEPH H	CANTWELL, KATHLEEN M
ANAEDOZIE, ONYEKACHUKWU C	CAPOZZOLA, CHRISTA A
ANGELO, GREGORY T	CARLTON, STEPHANIE J
ANTHONY, ELISE S	CARRION, SONYA M
ARAMANDA, ALEXANDER F	CARROLL, CHRISTOPHER D
ARCHER, WILLIAM R	CENOV, STEVE C
ARCHEVAL, ANTHONY F	CHADWICK-GALLO, CARMELITA S
ARMSTRONG, LAURA E	CHAMP-GELBMANN, JANE M
ARMSTRONG, REBEKAH W	CHASAN SLOAN, DEBORAH M
ATALLA, MARK	CHERTMAN, WILLY J
ATENCIO, JILL L	CHILLAKURU, ANIL K
BABSKI, DIANNE P	CHON, KATHERINE Y
BAI, GE	CHONG, ZABEEN G
BALLANCE, CHRISTINA V	CLARK, TAMARA S
BAUGH, CYNTHIA R	CLASSAY, MICHELLE
BECKERMAN, PETER C	CLIFFORD, CHAD T
BEGAY, DUWAYNE R	COCHRAN, NORRIS W
BELL, WILLIAM D	CODERRE, THOMAS R
BENFORD, JOFFREY Q	COLLINS, ROBIN R
BENNETT, JASON E	COLON PEREZ, ANDRES
BENSON, KARI L	COMFORT, KAREN T
BERGEVIN, DOUGLAS D	CONROY, GLENDA J
BHARGAVA, DEEPAK	COOPER, FREDERICK L
BODDEN, CHERYL L	COOPER, RENEE L
BOOTH, JON G	COPPENBARGER, CHRISTOPHER K
BOTTERILL, JULIE M	COSTELLO, ANNE M
BOVELL, STEPHANIE M	COTTON, BEVERLY M
BOWERS, TONYA E	COX, JORDAN P
BOYLAN, MICHELLE M	CRAIG, MICHAEL R
BRADWAY, COURTNEY B	CRAVER, JAMES M
BRADY, MICHAEL P	CRAWFORD, GREGORY O
BRANDT, ERIN E	CRONIN, KELLY
BRANDT, KIMBERLY L	CUMMISKEY, KEVIN F
BRATCHER-BOWMAN, NIKKI R	CUNNINGHAM, MICHAEL P
BRAUER, RANDY S	CURTIS, JILLIAN E
BRAXTON, MAKOTO P	CZAJKOWSKI, JOHN B
BRILLMAN, DANIEL M	D SOUZA, IVOR L
BROOKS, JOHN H	DANIELSON, TODD D
BROWN, MARK N	DAVIS, KEVIN E
BROWNING, JENNIFER K	DAVIS, NATHANIEL M
BRUCE, DUANE N	DAY, JAMES
BUCKHAM, MATTHEW A	DE LEON, DIANA F
BUCKLEY, VICKI E	DECKER, PAIGE N

Name	Name	Name
DEMIRSOY, IPEK K	HORN, DAVID C	MCGILL, BRIAN T
DEMPSEY, ANTIGONE H	HOWE, RORY C	MCQUEEN, SHERRI G
DESAI, RUJUL H	HOWE, RYAN P	MEANS, CALLEY L
DEVOSS, ELIZABETH	HULEHAN, HANNAH K	MEDNICK, DAVID
DEVOY, BRIDGET K	HURD, RAYMOND B	MEEKER, MADELINE E
DIAZ, DIANA C	HUTCHINSON, KIM	METER, ERIN M
DICKEY, AVIS D	HUTTINGER, ALEXANDRA L	MILLER, BEVERLY A
DILLARD, LISA A	IBARRA PRATT, ELENITA Y	MILLER, COURTNEY L
DISRAELLY, DEENA S	IMBACUAN, MICHAEL H	MILLER, JAMES C
DOOLEY, SEAN M	INMAN, REESE C	MILLS, GEORGE G
DOWNS, TANETTE N	IWUGO, JENEEN M	MINOR, CLARK D
DUPEE, JENNIFER M	JACKSON, SHANNON C	MIRANDA, TERESA V
DURAN, VANESSA S	JIMENEZ, MICHAEL N	MITAL, MICHELE
ECOFFEY, STACEY	JOHN, HANOCK P	MORRIS, THOMAS F
EDMONDS, AMANDA B	JOHNSON, ALFRED C	MOSHTAHEDIAN, ERICA D
EL-BADRY, NINA A	JOHNSON, DAVID M	MUELLER, ERIN O
ELDER, MARK D	JOHNSON, JENNIFER D	MULCAHY, GERARD J
ELLINGTON, RENATA D	JOHNSON, JENNIFER G	MURPHY, BRADEN J
ENGELS, THOMAS J	JOHNSON, JOHN A	MYERS, ELISABETH C
ESPIRITU, RACHELE C	JOHNSON, LENORA E	NAHILL, LIAM J
FABBRICATORE JR, JOHN E	JOHNSTON, DARCI L	NAIR, SUMA
FAENSON, INNA	JOYNER, ARLENE R	NELSON, MAY D
FAHEY, BRIAN M	KARA, FERIDUN ARDA	NELSON, PETER J
FAIRCLOTH, JORDAN L	KAUFMAN, SEAN G	NEWBOLD, PATRICK
FALLAHKHAIR, MICHAEL B	KAWAZOE, ROBIN I	NICHOLLS, RICHARD J
FAN, KRISTIN A	KEANE, THOMAS E	NOELTE, KATE C
FANNIN, MELISSA L	KECKLER, JUSTIN J	NOOKALA, MADHAVI L
FERREIRA, MATTHEW J	KELLEY, ELIZABETH C	NOONAN, TIMOTHY R
FIGLIOLA, ANTHONY M	KEVENEY, SEAN R	NORMAN, ADAM B
FINK, DOROTHY A	KIMBLE, ADRIENNE R	NOVY, STEVEN D
FISHMAN, ELIOT Z	KLAZAS, MELANIE A	O CONNOR, JUDIT
FITZGERALD, DENIS J	KLEIN, ROGER D	OELSCHLAEGER, ALLISON M
FLETCHER, ANDREA C	KLOMP, GERARD R	OLSON, CAROLYN F
FORD, KENYA S	KNAPP, CAPRICE A	OLSON, KAREN E
FOSTER, ROBERT F	KNOX, JOHN K	O'NEILL, JAMES B
FOWLER, LIESL I	KOUFOPOULOS, PETER N	O'NEILL, MARK P
FROHBOESE, ROBINSUE	KOVOL, LINDA K	OSTERHUES, ERIC J
FULTON, CLAYTON W	KOZMA, BETHANY A	OVERSTREET, ELIZABETH B
GAIKOWSKI, DIXIE D	KRAM, ANTHONY S	OXNER, JULIE A
GANTER, JOHN M	KREPICH, CHRISTOPHER M	PANCHOLI, MAMATHA S
GARCIA, TAMYRA C	KROOP, SETH R	PAPULA, DENNIS M
GARDNER, JOHNATHAN J	KROPA, HALLEY E	PARISH, ELIZABETH E
GARRITY, SHEILA R	KULLDORFF, MARTIN O	PARKER, KIM L
GAWALT, ANN G	LANKFORD, DAVID W	PARKER, WALTER E
GEIGER, REBEKAH E	LAROCHE, DARRELL W	PASCOL, WILLIAM H
GHARPUREY, MADHULIKA M	LATTA, EDWARD T	PELOVITZ, BETSY M
GILES, JOHN F	LAZARE, MARY M	PERRY, TERRANCE W
GOLDHABER, BEN L	LAZIO, JENNIFER L	PHILLIPS, RICHARD A
GOODGER, BRIAN K	LEE, RICHARD L	PIERCE, JULIA A
GOSS, CYNTHIA L	LEFEVRE, JULIA M	PIKA, JOSEPH T
GOULDING, MICHAEL I	LEGIER, JAMIE W	PINER, MCLEAN A
GRAHAM, GRACE R	LEIPHART, KRISTINE L	PLAUGHER, MARK J
GRAY, GREGORY K	LEONARD, CONNIE L	POOLE, CHRISTOPHER A
GRECO KONE, REBECCA C	LIMAGE, JULIA E	POSNACK, STEVEN
GREENE, JONATHAN N	LIN, SUE C	PRIETO, MOLLY O
GRIMSLEY, HEATHER S	LINARES, GEORGE E	PRIGODICH, CHERYL E
GYORDA, LISA J	LITTLE, JAMES D	PROTZEL BERMAN, PAMELA I
HANLON, RYAN P	LIU, BETH C	PURDUE, MICHELE L
HARIDOPOLOS, STEPHANIE E	LONNERDAL, NILS D	RACINE WELLS, LISA A
HARRIS, SHELLY R	LOWERY, AMBER E	RANCOURT, ANNE R
HAUCK, HEATHER L	LUBENOW, ANNE E	RATHGEB, COLLEEN C
HAYES WALLER, BERNITA K	MABRY, SHIRLEY M	REDFORD, DANA Y
HEFFLER, STEPHEN K	MACIAS, DANIEL	RICE, GAREY R
HENDERSON, GRAEME S	MAJEWSKI, LISA C	RITTER, CHRISTINA S
HENDRIKSSON, MARLA	MALONE, KEVIN P	RIVERA, RODNEY W
HILL, KRISTI W	MANTOAN, PATRICIA M	RIZVI, ASKARI R
HINES, REBECCA A	MARTIN, CHRISTOPHER E	ROACH, ANGELA K
HOFFMANN, GEORGE C	MARTINO, NICOLE H	ROBINSON, SHEILA R
HOGLE, MARK P	MATHIS, J INGRID	ROBINSON, WILMA M
HOLZERLAND, WILLIAM H	MAYBERRY, KAREN E	ROBLES, BENJAMIN A
HONEY, KRISTEN T	MAZANEC, BRIAN M	ROLFES, ELLEN M
HONG, DAVID C	MCCORMICK-BRAULT, CAITLIN S	ROSAS, LUCILA G
HOOVER, CAMILLE M	MCCOY, QUENTIN T	ROSENTHAL, ALEXANDER I
HORMAN, WENDY S	MCDONAGH, SLOAN A	ROWAN, ALEXANDER K

Name
RUDOLPH, NOEMI V
RUIZ, MARIA M
SAMPLES, WILLIAM R
SANDERS, ERIC R
SANFORD, BARBARA
SAYLE, STEPHEN C
SCHARF BELL, HELGA M
SCHPELPMAN, HOPE G
SCHWEITZER MASEK, CARISA J
SCOTT, ALICIA R
SCOTT, JOHN A
SCOTT, MARIE C
SHANBHAG, KRISHNAKANT N
SHAPIRO, JENNIFER R
SHAPIRO, NEIL K
SHATTO, JOHN D
SHEFFIELD, BRIAN O
SHUY, CAITRIN M
SIGOUNAS, GEORGE
SINGLETON, SHANNON M
SISTA, LAWRENCE V
SKILES, DENNIS A
SMAGH, KALWANT S
SMITH, BENNY L
SMITH, JENNIFER B
SMITH, LAURIE J
SMITH, MARISA
SMITH, MICHAEL W
SMITH, PHILLIP B
SORIANO, JOHN D
SPEAR, STEFANIE N
SPENCER, COURTNEY E
SPITALNIC, PAUL I
STANNARD, PAULA M
STEVENS, MARK D
STURM, MICHAEL W
SUTTON, ABRAHAM J
SUTTON, ERIN E
SUVA, JERRY F
SWYGERT, TIFFANY T
TABE-BEDWARD, HENRIETTA A
TARTAKOVSKY, MICHAEL
TAYLOR, CAROLYN C
THOMAS, FRED
THOMAS, TISON V
THORNBRUGH, MITCHELL L
TOVEN, JEFFREY P
TRAFICANT, JAMES A
TRAVERSE, SCOTT B
TRIBBLE SPENCER, KELLY R
TRITZ, KAREN L
TURNER, AMY J
TWOHIE, ANNE-MARIE D
VASUDEVAN, SUNIL
VAYDA, TARA L
VERNO, MARTHA D
VICENTE, WENDY S
VITOLO, SARA M
VOLOSHIN, VICTOR
WAKEFIELD, MARLENE E
WALLACE, JULIA J
WALLACE, MARY H
WARD LUND, DEBRA L
WARREN, STEVEN C
WEAHKEE, ROSE L
WEAVER, BRENT
WEAVER, GRETCHEN H
WEIR, SHANA D
WELLS, NATHAN T
WELLS, ROBERT S
WESTLAKE, TIMOTHY W
WHEELAND, DANIEL G
WHERTHEY, KATHLEEN E
WHITE, COLLEEN M

Name
WHITE, LIZBETH C
WILKINS, SHANITA L
WILLIAMS, JEFFERY
WILLIAMS, KEVIN D
WILLIAMS, OLIVIA L
WILLIAMS, RASHEED D
WITKOFISKY, NINA B
WORSTELL, MEGAN L
WU, JEFFREY C
XAVIER, SOOSAI M
YOUNG, LARRY D
YUEH, LENA A
ZETA, LOWELL M
ZORN, MATTHEW C

Charles H. McEnerney III,

Acting Executive Director, Executive Resources.

[FR Doc. 2026-18120 Filed 9-3-26; 8:45 am]

BILLING CODE 4151-17-P

DEPARTMENT OF HOMELAND SECURITY

Federal Emergency Management Agency

[Docket ID: FEMA-2026-0595; OMB No. 1660-0114]

Agency Information Collection Activities: Proposed Collection, Comment Request; FEMA Preparedness Grants: Port Security Grant Program (PSGP)

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 without change of a currently approved information collection. In accordance with the requirements of the Paperwork Reduction Act of 1995, this notice seeks comments concerning the information collection activities required the administer the Port Security Grant Program (PSGP).

DATES: Comments must be submitted on or before November 3, 2026.

ADDRESSES: To avoid duplicate submissions to the docket, please submit comments at <http://www.regulations.gov> under Docket ID FEMA-2026-0595. 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:

Duane Davis, Section Chief, Grant Programs Directorate, FEMA at (202) 680-4060 or duane.davis@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: Section 102 of the Maritime Transportation Security Act of 2002, as amended (46 U.S.C. 70107), authorizes the PSGP to provide for the risk-based allocation of funds to implement Area Maritime Transportation Security Plans and facility security plans among port authorities, facility operators, and State and local government agencies required to provide port security services and to train law enforcement personnel under 46 U.S.C. 70132. Before awarding a grant under the program, the Secretary for Homeland Security shall provide for review and comment by the appropriate Federal Maritime Security Coordinators and the Maritime Administrator. In administering the grant program, the Secretary shall consider national economic, energy, and strategic defense concerns based upon the most current risk assessments available.

Any information collected by FEMA for this program is in accordance with general reporting requirements, *see, for example*, 2 CFR 200.329; or in accordance with 46 U.S.C. 70107(g), as amended by Section 112(c) of the Security and Accountability For Every (SAFE) Port Act of 2006 (Pub. L. 109-347), which provides that entities subject to an Area Maritime Transportation Security Plan may submit an application for a grant under this program at such time, in such form, and containing such information and assurances as the Secretary may require.

2 CFR 200.329 requires grant recipients to report on the status of their grant funded activities including potential or real setbacks in performance.

Collection of Information

Title: FEMA Preparedness Grants: Port Security Grant Program (PSGP).

Type of Information Collection: Extension of a currently approved information collection.

OMB Number: 1660-0114.

FEMA Forms: FEMA Form FF-207-FY-23-106 (formerly 089-05), Port Security Grant Program (PSGP) Investment Justification; FEMA Form FF-207-FY-23-109 (formerly 088-0-1), Grant Programs Directorate Performance Report (GPD-PR); FEMA Form FF-207-FY-23-110, Grant Programs Directorate Extension Request (GPS-Extension).

Abstract: Section 102 of the Maritime Transportation Security Act of 2002, as amended (46 U.S.C. 70107), authorizes the PSGP to provide for the risk-based allocation of funds to implement Area Maritime Transportation Security Plans and facility security plans among port authorities, facility operators, and State and local government agencies required to provide port security services and to train law enforcement personnel under 46 U.S.C. 70132. Before awarding a grant under the program, the Secretary for Homeland Security shall provide for review and comment by the appropriate Federal Maritime Security Coordinators and the Maritime Administrator. In administering the grant program, the Secretary shall take into account national economic, energy, and strategic defense concerns based upon the most current risk assessments available.

Affected Public: Businesses or other For-Profit; and State, Local or Tribal Government.

Estimated Number of Respondents: 966.

Estimated Number of Responses: 1,832.

Estimated Total Annual Burden Hours: 17,446.

Estimated Total Annual Respondent Cost: \$1,616,580.

Estimated Respondents' Operation and Maintenance Costs: \$0.

Estimated Respondents' Capital and Start-Up Costs: \$0.

Estimated Total Annual Cost to the Federal Government: \$987,953.

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.

Nigel S. Allicock,

Records Management Branch Chief, Office of the Chief Administrative Officer, Mission Support, Federal Emergency Management Agency, Department of Homeland Security.

[FR Doc. 2026-18172 Filed 9-3-26; 8:45 am]

BILLING CODE 9111-78-P

DEPARTMENT OF HOMELAND SECURITY

Federal Emergency Management Agency

[Docket ID: FEMA-2026-0529; OMB No. 1660-0159]

Agency Information Collection Activities: Proposed Collection, Comment Request; Generic Clearance for Notice of Loss and Proof of Loss

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 Generic Clearance for the Collection of the Notice of Loss and Proof of Loss for claimants who file a claim with the Agency seeking compensation for injury or loss of property resulting from fires.

DATES: Comments must be submitted on or before November 3, 2026.

ADDRESSES: To avoid duplicate submissions to the docket, please submit comments at <http://www.regulations.gov> under Docket ID FEMA-2026-0529. 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:

Angelica Searls, Emergency Management Specialist, Recovery Directorate, at 202-701-9021 and fema-hermits-peak@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: FEMA proposes to collect information from parties who apply for compensation under FEMA-established fire claims programs stemming from its role providing financial assistance and direct services to individuals applying for disaster assistance benefits in the event of a federally declared disaster as specified by The Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act), Public Law 93-288, as amended (42 U.S.C. 5121-5207). On September 30, 2022, President Biden signed into law the Hermit's Peak/Calf Canyon Fire Assistance Act ("Act") Public Law 117-180, Division G—Hermit's Peak/Calf Canyon Fire Assistance Act. Congress passed the Act to compensate those parties who suffered injury and loss of property from the Hermit's Peak/Calf Canyon Fire. Such a generic clearance will minimize delays in FEMA's ability to respond to future fire incidents resulting in the establishment of claims offices.

Collection of Information

Title: Generic Clearance for Notice of Loss and Proof of Loss.

Type of Information Collection: Extension of a currently approved information collection.

OMB Number: 1660-0159.

FEMA Forms: N/A.

Abstract: The Federal Emergency Management Agency (FEMA) will use the collected information to commence the process and procedures for claimants to seek compensation for injury or loss of property resulting from the Hermit's Peak/Calf Canyon Fire and other Fires that meet the criteria. Affected state, local and Tribal Governments, private sector businesses, not-for-profit organizations, and individuals and households that suffered injuries resulting from fires will be eligible to apply for compensation. Claimants will submit a Notice of Loss to the Agency, meet with a FEMA

Claims Reviewer, obtain documentation needed to substantiate claims, sign Proof of Loss, and complete and return a Release and Certification form.

Affected Public: Individuals or Households; Businesses or other For-Profit; Not-for-Profit Institutions; and State, Local or Tribal Government.

Estimated Number of Respondents: 10,996.

Estimated Number of Responses: 10,996.

Estimated Total Annual Burden Hours: 3,652.

Estimated Total Annual Respondent Cost: \$189,316.

Estimated Respondents' Operation and Maintenance Costs: \$0.

Estimated Respondents' Capital and Start-Up Costs: \$0.

Estimated Total Annual Cost to the Federal Government: \$102,981,973.

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.

Nigel S. Allicock,

Records Management Branch Chief, Office of the Chief Administrative Officer, Mission Support, Federal Emergency Management Agency, Department of Homeland Security.

[FR Doc. 2026-18169 Filed 9-3-26; 8:45 am]

BILLING CODE 9111-68-P

DEPARTMENT OF HOMELAND SECURITY

Transportation Security Administration

RIN 1652-AA80

Notice Soliciting Representatives for Technical Roundtables on Security of Unmanned Aircraft Systems Operating Beyond the Visual Line of Sight

AGENCY: Transportation Security Administration, DHS.

ACTION: Notice.

SUMMARY: The Transportation Security Administration (TSA) is soliciting individuals to participate in technical roundtables that will provide input to TSA relevant to the development of model language for TSA-approved security programs that will provide for the secure operation of unmanned aircraft systems (UAS) beyond visual line of sight (BVLOS). These roundtables will be closed to the public. Participation is limited and all participants must be validated by TSA as a representative of either a UAS BVLOS operator or an industry association representing these operators or subset of operators, as discussed later in this notice. Participants must obtain approval from TSA for access to Sensitive Security Information (SSI).

DATES: Requests to participate in the technical roundtables must be received by the individual listed in **FOR FURTHER INFORMATION CONTACT** section. October 19, 2026. TSA may modify the registration period following publication of the forthcoming TSA final rule. These technical roundtables may be held in-person with a virtual attendance option or virtually only. *See* Participation at the Meeting below for information on how to register to attend the meeting. TSA will provide participation and other information to qualified participants in advance of the meeting.

FOR FURTHER INFORMATION CONTACT: Kristine Adams, Transportation Security Administration, 6595 Springfield Center Drive, Springfield, VA 20598-6028; telephone (571) 227-2062; email at BVLOS@tsa.dhs.gov.

SUPPLEMENTARY INFORMATION:

Background

On August 7, 2025, TSA and the Federal Aviation Administration (FAA) issued a joint notice of proposed rulemaking, *Normalizing Unmanned Aircraft Systems Beyond Visual Line of Sight Operations*, proposing performance-based regulations to enable the safe and secure integration of UAS BVLOS operations into the national airspace system and for third-party services that support these operations, including providing UAS Traffic Management.¹

As part of the notice of proposed rulemaking, TSA proposed requirements to address the security of UAS BVLOS operations that would be authorized under 14 CFR part 108. TSA's proposed security provisions broadly consisted of two pieces: vetting

of certain covered personnel and the requirement that certain operators maintain a TSA-approved security program. TSA is in the process of finalizing its regulatory requirements, in coordination with the FAA, to enable the secure operation of UAS BVLOS.

Following publication of the final rule, TSA plans to host a series of informational meetings with industry and external stakeholders to inform TSA's development of options that UAS BVLOS operators could employ to meet TSA's security program requirements. These meetings, or "technical roundtables," will offer stakeholders the opportunity to provide input on the kinds of organizational, structural, technological, and/or physical methods UAS BVLOS operators may already be employing to ensure the security of their operations. TSA anticipates that some actions and procedures that UAS BVLOS operators have already implemented when conducting UAS BVLOS operations under FAA waivers or exemptions may adequately satisfy some of TSA's security program requirements. Wherever possible and appropriate, TSA intends for the individual inputs provided at the technical roundtables to inform model approaches that UAS BVLOS operators can use to meet security program requirements. These meetings will not seek consensus recommendations from participants. Rather, the technical roundtables will provide participants an opportunity to provide individual views and information to TSA, and position TSA to provide guidance informed by current industry practices as described by participants.

Closed Meeting

The technical roundtables will be closed to the public. To meet the intended purpose, the participants at the technical roundtables need to be able to speak freely about issues that would be detrimental to transportation safety and security if disclosed. Pursuant to the requirements in 49 U.S.C. 114(r) and 44912(d), and implementing regulations in 49 CFR part 1520, this meeting will be closed to the public to protect against disclosure of SSI.² SSI protections apply to information related to development of procedures and facilities "to protect passengers and property against acts of criminal violence, aircraft piracy, and terrorism and to ensure security."³ All participants must either be "covered

² Additional information on SSI can be found at the following link: <https://www.tsa.gov/for-industry/sensitive-security-information>.

³ See 49 U.S.C. 44912(d).

¹ 90 FR 38212 (Aug. 7, 2025).

persons” as defined in 49 CFR 1520.7, or otherwise designated by TSA as a “covered person” for purposes of this event. Participants will be required to sign a non-disclosure agreement, which includes acknowledgment of TSA’s SSI requirements, and ensure that any information received or otherwise communicated is properly protected. The responsibilities of participants to safeguard all SSI disclosed during or related to this meeting will continue after the conclusion of the technical roundtable events.

Participation at the Meeting

Requests to participate in the technical roundtables must be received by the individual listed in the **FOR FURTHER INFORMATION CONTACT** section on or before the date listed in the **DATES** section. In addition to providing invitations to relevant associations and corporate representatives known to TSA through its regular stakeholder engagements, TSA also invites representatives of UAS operators that are currently operating under waivers or exemptions from the FAA to conduct BVLOS operations or that intend to seek an FAA permit or certificate to conduct or support UAS BVLOS under the FAA final rule.

These meetings will be held after publication of the FAA and TSA final rules to allow persons to determine whether they are within the scope of applicability of the FAA’s rule and subject to the requirements in TSA’s rule. In addition, holding these roundtables after publication of the final rules will enable participants to have more knowledge of TSA’s requirements in order to come to the technical roundtables with information needed to provide the most useful input to TSA. These roundtables will be an opportunity for participants to present their individual views and recommendations to TSA. They will not be a forum for group discussion or deliberation, or the formulation of group advice, as would be appropriate in a properly constituted federal advisory committee.

Persons within these industries are encouraged to contact the individual noted in the **FOR FURTHER INFORMATION CONTACT** section of this notice for additional information. Participation will generally be limited to individuals that TSA determines represent industry entities potentially and directly affected by the final rule. TSA will limit participation to no more than two individuals per association or company. All participants must be approved by TSA for access to SSI and must sign a non-disclosure agreement in advance of

the meeting. TSA may further limit participation to accommodate size limitations, by topic, or otherwise for TSA’s convenience. Further attendance information will be provided to qualified participants.

Dated: September 1, 2026.

Scott C. Gorton,

Acting Assistant Administrator, Strategy, Policy, and Engagement, Transportation Security Administration.

[FR Doc. 2026–18124 Filed 9–3–26; 8:45 am]

BILLING CODE 9110–05–P

DEPARTMENT OF HOMELAND SECURITY

Transportation Security Administration

[Docket No. TSA–2004–19147]

Intent To Request Extension From OMB of One Current Public Collection of Information: Flight Training Security Program

AGENCY: Transportation Security Administration, DHS.

ACTION: 60-Day notice.

SUMMARY: The Transportation Security Administration (TSA) invites public comment on one currently approved Information Collection Request (ICR), Office of Management and Budget (OMB) control number 1652–0021, abstracted below, that we will submit to OMB for an extension, in compliance with the Paperwork Reduction Act (PRA). The ICR describes the nature of the information collection and its expected burden. The collection supports security threat assessments for aliens (candidates) seeking flight training from FAA-certified providers, ensuring they do not pose a threat to aviation or national security. Flight training providers must also conduct and maintain records of security awareness training for their employees.

DATES: Send your comments by November 3, 2026.

ADDRESSES: Comments may be emailed to TSAPRA@tsa.dhs.gov or delivered to the TSA PRA Officer, Office of Information Technology, TSA–11, Transportation Security Administration, 6595 Springfield Center Drive, Springfield, VA 20598–6011.

FOR FURTHER INFORMATION CONTACT: Christina A. Walsh at the above address, or by telephone (571) 227–2062.

SUPPLEMENTARY INFORMATION:

Comments Invited

In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*), an agency may not conduct or

sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The ICR documentation will be available at <https://www.reginfo.gov> upon its submission to OMB. Therefore, in preparation for OMB review and approval of the following information collection, TSA is soliciting comments to—

(1) Evaluate whether the proposed information requirement is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility;

(2) Evaluate the accuracy of the agency’s estimate of the burden;

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

(4) Minimize the burden of the collection of information on those who are to respond, including using appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology.

Information Collection Requirement

OMB Control Number 1652–0021, Flight Training Security. Under 49 CFR part 1552, TSA conducts security threat assessments (STAs) for all aliens seeking flight instruction with Federal Aviation Administration (FAA)-certified flight training providers.¹ The purpose of this requirement is to ensure flight training candidates do not pose a threat to aviation or national security and thus can be permitted to receive flight training. The collection of information required under 49 CFR part 1552 includes candidates’ biographic information and fingerprints, which TSA uses to perform the STA.

Additionally, flight training providers are required to maintain records of security awareness training provided to their employees. *See* subpart B of 49 CFR part 1552. This training, which is intended to increase awareness of suspicious circumstances and activities of individuals enrolling in, or attending, flight training, must be provided to certain employees within 60 days of being hired and on a biennial basis. The flight training providers must maintain records of the training completed throughout the course of the individual’s employment, and for no less than 1 year after the individual is no longer a flight training provider employee.

TSA estimates a total of 36,704 respondents annually: 18,103 flight training candidates and 18,601 flight training providers. Each candidate will

¹ *See also* 49 U.S.C. 44939.

submit an application for a new STA, which may be valid for up to 5 years. TSA estimates an STA application burden of 9,052 hours per year (18,103 STA applications per year $\times$ 0.50 hours per application). Flight training providers must notify TSA of a candidate's proposed and actual training events, retain candidate training records and employee security awareness training records, and provide the names and contact information for security coordinators. TSA estimates providers will submit approximately 38,404 flight training notifications, per year, to TSA on behalf of candidates. TSA estimates a training event notification burden of 6,079 hours per year (38,404 flight training notifications $\times$ 0.1583 hours per notification). Flight training providers must also keep records for employee security awareness training. TSA estimates providers will maintain 23,699 records annually, resulting in an annual average recordkeeping burden of 396 hours (23,699 employee security awareness training records $\times$ 0.0167 hours per record). For new providers, and providers that name a new security coordinator, providers must submit such designation along with specific information to TSA. TSA estimates 3,125 new designations annually, resulting in an average annual designation burden of 782 per year (3,125 new security coordinator submissions $\times$ 0.25 hours per submission). Providers are also required to submit updated contact information for named security coordinators to TSA as such information changes. TSA estimates 2,209 reported contact information updates annually, resulting in an average information update burden of 199 hours per year (2,209 security coordinator contact information updates $\times$ 0.09 hours per update). TSA estimates the combined hour burden associated with this collection, for both flight training candidates and providers, to be 16,508 hours annually.

Applicants are also required to pay an application fee of \$140.00 to cover the cost of their STA. TSA also designates a reduced fee of \$125 for flight training candidates who hold a comparable STA issued by another Department of Homeland Security or TSA threat assessment program. TSA estimates the annual cost burden for fees to be \$2,527,490 (17,641 standard applicants $\times$ \$140 + 462 reduced applicants $\times$ \$125).

Dated: September 2, 2026.

Christina A. Walsh,

Paperwork Reduction Act Officer, Office of Information Technology, Transportation Security Administration.

[FR Doc. 2026-18174 Filed 9-3-26; 8:45 am]

BILLING CODE 9110-05-P

DEPARTMENT OF HOMELAND SECURITY

U.S. Citizenship and Immigration Services

[OMB Control Number 1615-0165]

Agency Information Collection Activities; Extension, Without Change, of a Currently Approved Collection: e-Request Tool

AGENCY: U.S. Citizenship and Immigration Services, Department of Homeland Security.

ACTION: 30-Day notice.

SUMMARY: The Department of Homeland Security (DHS), U.S. Citizenship and Immigration Services (USCIS) will be submitting the following information collection request to the Office of Management and Budget (OMB) for review and clearance in accordance with the Paperwork Reduction Act of 1995. The purpose of this notice is to allow an additional 30 days for public comments.

DATES: Comments are encouraged and will be accepted until October 5, 2026.

ADDRESSES: Written comments and/or suggestions regarding the item(s) contained in this notice, especially regarding the estimated public burden and associated response time, must be submitted via the Federal eRulemaking Portal website at <http://www.regulations.gov> under e-Docket ID number USCIS-2022-0001. All submissions received must include the OMB Control Number 1615-0165 in the body of the letter, the agency name and Docket ID USCIS-2022-0001.

FOR FURTHER INFORMATION CONTACT: USCIS, Office of Policy and Strategy, Regulatory Coordination Division, John R. Pfirrmann-Powell, Acting Deputy Chief, telephone number (240) 721-3000 (This is not a toll-free number; comments are not accepted via telephone message.). Please note contact information provided here is solely for questions regarding this notice. It is not for individual case status inquiries. Applicants seeking information about the status of their individual cases can check Case Status Online, available at the USCIS website at <http://www.uscis.gov>, or call the USCIS

Contact Center at 800-375-5283 (TTY 800-767-1833).

SUPPLEMENTARY INFORMATION:

Comments

The information collection notice was previously published in the **Federal Register** on January 29, 2026, at 91 FR 3913, allowing for a 60-day public comment period. USCIS received two comments in connection with the 60-day notice.

You may access the information collection instrument with instructions, or additional information by visiting the Federal eRulemaking Portal site at: <http://www.regulations.gov> and enter USCIS-2022-0001 in the search box. Comments must be submitted in English, or an English translation must be provided. The comments submitted to USCIS via this method are visible to the Office of Management and Budget and comply with the requirements of 5 CFR 1320.12(c). 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 consider limiting the amount of personal information that you provide in any voluntary submission you make to DHS. DHS may withhold information provided in comments from public viewing that it determines may impact the privacy of an individual or is offensive. For additional information, please read the Privacy Act notice that is available via the link in the footer of <http://www.regulations.gov>.

Written comments and suggestions from the public and affected agencies should address one or more of the following four points:

(1) 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;

(2) Evaluate the accuracy of the agency's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used;

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

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

Overview of This Information Collection

(1) *Type of Information Collection Request:* Extension, Without Change, of a Currently Approved Collection.

(2) *Title of the Form/Collection:* e-Request Tool.

(3) *Agency form number, if any, and the applicable component of the DHS sponsoring the collection:* G-1592; USCIS.

(4) *Affected public who will be asked or required to respond, as well as a brief abstract:* *Primary:* Individuals or households. Respondents use this collection of information to notify USCIS that: their case is outside of normal processing times; they did not receive a notice; they did not receive a card or document by mail; to request an appointment accommodation; or to notify USCIS of a typographical error. USCIS will use the information provided by respondents to look up their case and determine an appropriate action in response to the inquiry.

(5) *An estimate of the total number of respondents and the amount of time estimated for an average respondent to respond:* The estimated total number of annual respondents for the information collection e-Request Tool is 569,519 and the estimated hour burden per response is 0.30 hours.

(6) *An estimate of the total public burden (in hours) associated with the collection:* The estimated total annual hour burden associated with this collection is 170,856 hours.

(7) *An estimate of the total public burden (in cost) associated with the collection:* The estimated total annual cost burden associated with this collection of information is \$0. This is a system that allows the respondent to request an action, any costs are associated with the collection of information for which the person is requesting action.

Dated: September 1, 2026.

John R. Pfirrmann-Powell,

Acting Deputy Chief, Regulatory Coordination Division, Office of Policy and Strategy, U.S. Citizenship and Immigration Services, Department of Homeland Security.

[FR Doc. 2026-18099 Filed 9-3-26; 8:45 am]

BILLING CODE 9111-97-P

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR-6482-N-03]

Housing Trust Fund: Fiscal Year 2026 Allocation Notice

AGENCY: Office of the Assistant Secretary for Community Planning and Development, HUD.

ACTION: Notice of Fiscal Year 2026 Funding Awards.

SUMMARY: The Housing and Economic Recovery Act of 2008 (HERA) established the Housing Trust Fund (HTF) to be administered by HUD. Pursuant to the Federal Housing Enterprises Financial Security and Soundness Act of 1992 (the Act), as amended by HERA, eligible HTF grantees are the 50 states, the District of Columbia, the Commonwealth of Puerto Rico, American Samoa, Guam, the Commonwealth of Northern Mariana Islands, and the United States Virgin Islands. This notice announces the formula allocation amount for each eligible HTF grantee.

FOR FURTHER INFORMATION CONTACT:

Peter Huber, Supervisory Program Advisor, Office of Grant Programs, Department of Housing and Urban Development, 451 7th Street SW, Room 7164, Washington, DC, 20410; telephone (202) 285-5130. (This is not a toll-free number). HUD welcomes and is prepared to receive calls from individuals who are deaf or hard of hearing, as well as individuals with speech or communication disabilities. To learn more about how to make an accessible telephone call, please visit <https://www.fcc.gov/consumers/guides/telecommunications-relay-service-trs>.

SUPPLEMENTARY INFORMATION: Section 1131 of HERA, Division A amended the Act to add a new section 1337 entitled “Affordable Housing Allocations” and a new section 1338 entitled “Housing Trust Fund.” Congress authorized the Housing Trust Fund (HTF) with the stated purpose of: (1) Increasing and preserving the supply of rental housing for extremely low-income families with incomes between 0 and 30 percent of area median income and very low-income families with incomes between 30 and 50 percent of area median income, including homeless families, and (2) increasing homeownership for extremely low-income and very low-income families. Section 1337 of the Act (12 U.S.C. 4567) requires Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Mortgage Corporation (Freddie Mac) to set-aside 4.2 basis points (.042 percent) of the

unpaid principal of their new mortgage purchases annually to fund the HTF and the Capital Magnet Fund. Each year, 65% of the amounts set aside by Fannie Mae and Freddie Mac are then allocated to the HTF.

Section 1338 of the Act (12 U.S.C. 4568) directs HUD to establish, through regulation, the formula for the distribution of amounts made available for the HTF. The provisions in section 1338(c)(3) of the Act (12 U.S.C. 4568(c)(3)) specify the factors to be used for the formula and priority for certain factors. The HTF implementing regulations are at 24 CFR part 93. The factors and methodology HUD uses to allocate HTF funds among eligible grantees are established in the HTF regulation at 24 CFR 93.50, 93.51, and 93.52.

The funding announced for Fiscal Year 2026 through this notice is \$255,516,650.92. Appendix A to this notice provides the HTF allocation amount for each grantee.

Ronald J. Kurtz,

Assistant Secretary for Community Planning and Development.

Appendix A: FY 2026 Housing Trust Fund Allocation Amounts

Grantee	FY 2026 Allocation
1. Alabama	\$3,000,000.00
2. Alaska	3,311,933.19
3. Arizona	3,967,108.08
4. Arkansas	3,000,000.00
5. California	28,226,868.41
6. Colorado	3,881,841.70
7. Connecticut	3,370,316.96
8. Delaware	3,000,000.00
9. District of Columbia	3,000,000.00
10. Florida	10,899,725.05
11. Georgia	5,784,484.75
12. Hawaii	3,311,933.19
13. Idaho	3,000,000.00
14. Illinois	8,069,203.17
15. Indiana	3,704,942.76
16. Iowa	3,311,933.19
17. Kansas	3,311,933.19
18. Kentucky	3,311,933.19
19. Louisiana	3,311,933.19
20. Maine	3,311,933.19
21. Maryland	3,914,389.55
22. Massachusetts	5,520,297.92
23. Michigan	5,047,924.13
24. Minnesota	3,496,035.12
25. Mississippi	3,311,933.19
26. Missouri	3,646,162.77
27. Montana	3,311,933.19
28. Nebraska	3,311,933.19
29. Nevada	3,311,933.19
30. New Hampshire	3,311,933.19
31. New Jersey	7,444,600.15
32. New Mexico	3,311,933.19
33. New York	17,985,999.17
34. North Carolina	5,635,646.14
35. North Dakota	3,311,933.19
36. Ohio	5,506,260.05
37. Oklahoma	3,311,933.19

Grantee	FY 2026 Allocation
38. Oregon	3,668,804.64
39. Pennsylvania	7,115,162.83
40. Rhode Island	3,311,933.19
41. South Carolina	3,311,933.19
42. South Dakota	3,311,933.19
43. Tennessee	3,796,317.64
44. Texas	12,100,536.40
45. Utah	3,311,933.19
46. Vermont	3,311,933.19
47. Virginia	4,954,111.29
48. Washington	5,132,340.41
49. West Virginia	3,311,933.19
50. Wisconsin	3,687,098.39
51. Wyoming	3,311,933.19
52. Puerto Rico	902,616.11
53. American Samoa	10,755.74
54. Guam	78,883.01
55. Northern Marianas	34,790.51
56. Virgin Islands	*70,897.89
Total	255,516,650.92

*The allocation to the Virgin Islands of the United States is made subject to the suspension of the Virgin Islands Housing Finance Authority. Notwithstanding this notification of award to the Government of the Virgin Islands, HUD reserves all rights and remedies available under applicable statutes and regulations.

[FR Doc. 2026-18163 Filed 9-3-26; 8:45 am]

BILLING CODE 4210-67-P

DEPARTMENT OF THE INTERIOR

Bureau of Land Management

[A2407-014-004-065516, #O2509-014-004-125222]

Intent To Prepare a Programmatic Environmental Impact Statement for Southern Ute Mancos Shale Development, La Plata County, CO

AGENCY: Bureau of Land Management, Interior.

ACTION: Notice of intent.

SUMMARY: In compliance with the National Environmental Policy Act (NEPA) of 1969, as amended, as well as the U.S. Department of the Interior regulations and handbook implementing NEPA, the Bureau of Land Management (BLM) Tres Rios Field Office and the Southern Ute Indian Tribe (Tribe), each acting as a joint lead agency, and the Bureau of Indian Affairs, acting as a Cooperating Agency, intend to prepare a Programmatic Environmental Impact Statement (EIS). The Programmatic EIS will consider the effects of exploration and development of the Mancos Shale Formation, as well as other oil and gas resources held in trust by the United States for the benefit of the Tribe within an approximately 108,000-acre planning area on existing leases located within the Southern Ute Indian Reservation. This notice announces the beginning of

the scoping process to solicit public comments and identify issues.

DATES: The BLM and the Tribe request that the public submit comments concerning the scope of the analysis, potential alternatives, and identification of relevant information, and studies by October 5, 2026. To afford the BLM and the Tribe the opportunity to consider comments in the Programmatic EIS, please ensure your comments are received prior to the close of the 30-day scoping period or 15 days after the last public meeting, whichever is later. The BLM and the Tribe will be holding an in-person scoping meeting on September 24, 2026, from 6 p.m. to 8:30 p.m. Mountain Time.

ADDRESSES: The scoping meeting will be held at the Sky Ute Casino Resort, located on the Southern Ute Indian Reservation, at 14324 US Highway 172 North, Ignacio, Colorado 81301.

You may submit comments related to the Southern Ute Mancos Shale Development Programmatic EIS by any of the following methods:

- **Website:** <https://eplanning.blm.gov/>; search project number DOI-BLM-CO-S010-2026-0015-EIS.
- **Mail:** BLM Tres Rios Field Office, Attn: Ryan Joyner, 29211 Highway 184, Dolores, CO 81323.

FOR FURTHER INFORMATION CONTACT:

Ryan Joyner, Assistant Field Manager for Lands and Minerals, telephone (970) 882-7296; email BLM_CO_TR_Mancos_Shale@blm.gov. Contact Mr. Joyner to have your name added to our mailing list. 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 for contacting Mr. Joyner. Individuals outside the United States should use the relay services offered within their country to make international calls to the point-of-contact in the United States.

SUPPLEMENTARY INFORMATION: The BLM and the Tribe are preparing this Programmatic EIS for the purpose of planning for and evaluating impacts associated with Federal approval of on-lease oil and gas exploration and production operations on lands and minerals held in trust for the Tribe within an approximately 108,000-acre planning area located within the boundaries of the Southern Ute Indian Reservation in southwestern Colorado. The planning area encompasses 108,000 surface acres containing approximately: 64,000 mineral acres held in trust for the Tribe; 42,000 mineral acres of fee minerals; and 2,000 mineral acres held in trust for individual Indian allottees.

All the Tribal trust minerals within the planning area are subject to existing oil and gas leases granted pursuant to the Indian Mineral Leasing Act of 1938, 25 U.S.C. 396a-396g and the Indian Mineral Development Act of 1982, 25 U.S.C. 2101-2108.

Purpose and Need for the Proposed Action

The purpose of the Proposed Action is to provide for the development of oil and gas minerals held in trust by the United States for the benefit of the Tribe, in an orderly, efficient, economical, and environmentally acceptable manner. Federal action is needed because the BLM is responsible for reviewing and approving exploration and production operations for the development of leased Tribal trust minerals within the Southern Ute Indian Reservation, and, in exercising these responsibilities, must ensure that proposed development is in the best interest of the Tribe, consistent with the Federal trust obligation to the Tribe, and in accordance with applicable laws, including NEPA, the Indian Mineral Leasing Act of 1938, 25 U.S.C. 396a-396g, the Indian Mineral Development Act of 1982, 25 U.S.C. 2101-2108, and the Federal Oil and Gas Royalty Management Act, 30 U.S.C. 1701 *et seq.* After NEPA compliance and authorizations, the Proposed Action will facilitate efficient exploration, development, and production operations on Tribal trust minerals within the planning area.

Preliminary Proposed Action and Alternatives

As of the publication date of this Notice of Intent, the BLM and the Tribe are considering two alternatives, a No Action Alternative and a Proposed Action Alternative, known as the Trust Resources Planning Alternative.

The No Action Alternative represents the continuation of current oil and gas management actions and conditions of approval consistent with existing environmental analyses, policies, and practices. The No Action Alternative would maintain the status quo under a business-as-usual approach.

The Proposed Action or Trust Resources Planning Alternative would modify existing management by establishing goals and objectives for the development of Tribal trust minerals within the planning area over time, including goals and objectives providing for the orderly, efficient, and economic development of the trust mineral resource, and mitigation measures for the protection of environmental, cultural, and other resources that may

be affected by the development activities. In addition, the Trust Resources Planning Alternative would establish thresholds needed to achieve these goals and objectives, including, for example, conditions of approval and design requirements that may be attached to future development authorizations.

The BLM welcomes comments on all preliminary alternatives, as well as suggestions for additional alternatives.

Summary of Expected Impacts

The BLM and the Tribe currently anticipate an increase in exploration and development of Tribal trust minerals within the Mancos Shale formation within the planning area. The environmental effects associated with this exploration and development may include, among other effects, impacts to air quality; water quality/quantity; traffic; vegetation; fish and wildlife; cultural, historic, and archaeological resources; noise, light, and visual resources; and economic resources. These potential impacts will be analyzed in the Programmatic EIS.

Anticipated Permits and Authorizations

The BLM and the Tribe do not anticipate that any site-specific approvals or ground-disturbing authorizations will be granted as part of this agency action. Rather, it is anticipated that the BLM and the Tribe will establish goals and objectives in the best interests of the Tribe for the management of Tribal trust minerals within the planning area, as well as measures needed to achieve those goals and objectives. The Federal agency actions under consideration concern the use of Tribal trust property, not Federal public lands or minerals; no Federal public lands or minerals not held in trust are located within the planning area.

Schedule for the Decision-Making Process

The Final Programmatic EIS and Record of Decision are expected on or prior to June 2028. This Programmatic EIS is subject to the deadlines set forth at 42 U.S.C. 4336a(g)(1)(A).

Public Scoping Process

This notice of intent initiates the scoping period. The Tribe and the BLM will be holding an in-person scoping meeting on September 24, 2026, from 6 p.m. to 8:30 p.m. Mountain Time, at the Sky Ute Casino, at 14324 US Highway 172 North, Ignacio, Colorado 81301, from 6 p.m. to 8:30 p.m. The Tribe and the BLM will also accept written scoping comments.

Responsible Official

The BLM Colorado Southwest District Manager is the deciding official for the BLM. The Southern Ute Indian Tribe is a joint lead agency pursuant to 42 U.S.C. 4336a(a)(1)(B). The Tribal representatives will be the deciding officials for the Southern Ute Indian Tribe.

Nature of Decision To Be Made

The BLM and the Tribe intend to establish goals and objectives in the best interests of the Tribe for the management of Tribal trust minerals within the planning area, and measures intended to support and achieve those goals and objectives.

Additional Information

The BLM will utilize and coordinate the NEPA process to help support compliance with applicable procedural requirements under the Endangered Species Act (16 U.S.C. 1536) and section 106 of the National Historic Preservation Act (54 U.S.C. 306108) as provided in 36 CFR 800.2(d)(3), including public involvement requirements of section 106. The information about historic and cultural resources and threatened and endangered species within the area potentially affected by the proposed project will assist the BLM in identifying and evaluating impacts to such resources.

The BLM will consult with Indian Tribal Nations on a government-to-government basis in accordance with Executive Order 13175, BLM Manual Section 1780, and other Departmental policies. Tribal concerns, including impacts on Indian trust assets and potential impacts to cultural resources, will be given due consideration. Federal, State, and local agencies, along with Indian Tribal Nations and other stakeholders that may be interested in or affected by the proposed planning decisions for oil and gas operations that the BLM is evaluating, are invited to participate in the scoping process and, if eligible, may request or be requested by the BLM to participate in the development of the environmental analysis as a Cooperating Agency.

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.

(Authority: 43 CFR 1610.2.)

Thomas Heinlein,

BLM Colorado Acting State Director.

[FR Doc. 2026–18106 Filed 9–3–26; 8:45 am]

BILLING CODE 4331–16–P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 337–TA–1501]

Certain Coated Confectionery Products and Components Thereof; Notice of Commission Determination Not To Review an Initial Determination Granting Complainant's Unopposed Motion To Amend the Complaint and 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 not to review an initial determination (“ID”) (Order No. 7) of the presiding Administrative Law Judge (“ALJ”) granting complainant’s unopposed motion to amend the complaint and notice of investigation to add AnaBio Technologies Unlimited Company of Dublin, Ireland, as a respondent (“Added Respondent”) and to terminate respondent AnaBio Technologies, LTD. of Dublin, Ireland (“Terminated Respondent”).

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 on (202) 205–1810.

SUPPLEMENTARY INFORMATION: The Commission instituted this investigation on June 1, 2026, based on a complaint filed by Promotion in Motion, Inc. (“Complainant”) of Park Ridge, New Jersey. 91 FR 32434 (June 1, 2026). The complaint, as supplemented, alleges violations of section 337 of the Tariff Act of 1930, as amended, 19 U.S.C.

1337, in the importation into the United States, the sale for importation, or the sale within the United States after importation of certain coated confectionery products and components thereof by reason of infringement of certain claims of U.S. Patent Nos. 9,750,267 and 11,317,640. *Id.* The complaint further alleges that a domestic industry exists or is in the process of being established. *Id.* In addition to the Terminated Respondent, the notice of investigation named the following respondents: Cibo Vita, Inc. of Totowa, New Jersey; Cibo Vita Founders, Inc. of Wilmington, Delaware; and New Cibo Vita, LLC of Wilmington, Delaware (collectively, "Respondents"). *Id.* The Office of Unfair Import Investigations is not participating in the investigation. *Id.*

On July 30, 2026, Complainant filed a motion to amend the complaint and notice of investigation to add the Added Respondent and to terminate the Terminated Respondent. The motion states that Respondents do not oppose the motion.

On August 3, 2026, the ALJ issued the subject ID (Order No. 7) granting the motion pursuant to Commission Rule 210.21(a)(1) and 210.14(b), 19 CFR 210.21(a)(1) and 210.14(b). In accordance with Commission Rule 210.21(a)(1), the ID notes that "there are no agreements written or oral, express or implied . . . between Complainant and the Terminated Respondent." ID at 4. In addition, the ID finds good cause under Commission Rule 210.14(b) for adding the Added Respondent because the "identification of the substitute entity was based on information obtained during discovery." *Id.* The ID also finds no prejudice to the public interest or the rights of the parties participating in this investigation. *Id.* at 5. The ID explains that the proposed amendment "will not necessitate a change in the substantive scope of the investigation because the proposed amendment is essentially a substitution." *Id.* The ID further finds that "the investigation is still in relatively early stages and there are several months remaining in fact discovery." *Id.*

No petition for review of the subject ID was filed.

The Commission has determined not to review the subject ID. AnaBio Technologies Unlimited Company is added as a respondent in this investigation, and AnaBio Technologies, LTD. is terminated from the investigation.

The Commission vote for this determination took place on September 1, 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: September 1, 2026.

Lisa Barton,

Secretary to the Commission.

[FR Doc. 2026-18102 Filed 9-3-26; 8:45 am]

BILLING CODE 7020-02-P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 337-TA-1411]

Certain Photodynamic Therapy Systems, Components Thereof, and Pharmaceutical Products Used in Combination With the Same; Notice of the Commission's Determination To Lift the Partial Suspension of Enforcement of the Remedial Orders as to U.S. Patent No. 11,697,028

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission ("Commission") has determined to grant a request submitted by Sun Pharmaceutical Industries, Inc. ("Complainant") of Princeton, New Jersey to lift the partial suspension of enforcement of the limited exclusion order ("LEO") and cease and desist orders ("CDOs") as to U.S. Patent No. 11,697,028 ("the '028 patent").

FOR FURTHER INFORMATION CONTACT: B. Rashmi Borah, Esq., Office of the General Counsel, U.S. International Trade Commission, 500 E Street SW, Washington, DC 20436, telephone (202) 205-2518. Copies of non-confidential documents filed in connection with this investigation may be viewed on the Commission's electronic docket (EDIS) at <https://edis.usitc.gov>. For help accessing EDIS, please email EDIS3Help@usitc.gov. General information concerning the Commission may also be obtained by accessing its internet server at <https://www.usitc.gov>. Hearing-impaired persons are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on (202) 205-1810.

SUPPLEMENTARY INFORMATION: The Commission instituted this investigation on August 1, 2024, based on a complaint filed by Complainant. 89 FR 62790 (Aug. 1, 2024). The complaint, as

supplemented, alleges violations of section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. 1337, based on the importation into the United States, the sale for importation, and the sale within the United States after importation of certain photodynamic therapy systems, components thereof, and pharmaceutical products used in combination with the same by reason of infringement of certain claims of the U.S. Patent Nos. 11,446,512 ("the '512 patent") and the '028 patent. *Id.* The complaint further alleges that a domestic industry exists or is in the process of being established. *Id.* The notice of investigation names Respondents as respondents. *Id.* The Office of Unfair Import Investigations was not a party to this investigation. *Id.*

On September 30, 2026, the presiding administrative law judge issued a final initial determination ("FID") finding a violation of section 337 with respect to each of the asserted claims. As relevant to the subject request, the FID finds that the asserted claims of the '028 patent are not invalid as obvious.

On January 28, 2026, the Commission determined to review the FID in part. 91 FR 4630 (Feb. 2, 2026). As relevant to the current request, the Commission determined to review the FID's finding that the asserted claims of the '028 patent are not invalid as obvious.

On February 23, 2026, the Patent Trial and Appeal Board issued a final written decision ("FWD") finding all asserted claims of the '028 patent invalid as obvious.

On May 6, 2026, the Commission issued a final determination finding a violation of section 337 by Respondents with respect to all remaining asserted claims. 91 FR 25595-96 (May 11, 2026). As relevant to the subject request, the Commission affirmed the FID's finding that the asserted claims of the '028 patent are not invalid as obvious and found a violation of section 337 as to the '028 patent and the '512 patent. *Id.* at 25596. The Commission determined to issue an LEO and CDOs as to each of Respondents and also set a bond in the amount of zero percent during the period of Presidential review. *Id.* However, the Commission suspended enforcement of the remedial orders in part upon issuance as to the '028 patent, in light of the FWD. *Id.*

On July 29, 2026, the Director of the United States Patent and Trademark Office issued an order vacating the FWD in its entirety. *See Biofrontera Inc. et al. v. Sun Pharm. Indus. Inc.*, IPR2024-01312, Paper No. 58 (Order) (July 29, 2026).

On July 31, 2026, Complainant submitted a letter requesting that the

Commission take judicial notice of the order vacating the FWD and lift the suspension of enforcement of the remedial orders as to the '028 patent.

The Commission, having reviewed the record in this investigation, including Complainant's letter and the Director's order vacating the FWD, has determined to lift the suspension of enforcement of the remedial orders as to the '028 patent.

The Commission vote for this determination took place on September 1, 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: September 1, 2026.

Lisa Barton,

Secretary to the Commission.

[FR Doc. 2026–18101 Filed 9–3–26; 8:45 am]

BILLING CODE 7020–02–P

DEPARTMENT OF JUSTICE

Antitrust Division

United States v. KKR & Co. Inc., et al.; Proposed Final Judgment and Competitive Impact Statement

Notice is hereby given pursuant to the Antitrust Procedures and Penalties Act, 15 U.S.C. 16(b)–(h), that a proposed Final Judgment, Stipulation, and Competitive Impact Statement have been filed with the United States District Court for the Southern District of New York in *United States of America v. KKR & Co. Inc., et al.*, Civil Action No. 1:25–cv–343–LTS. On January 14, 2025, the United States filed a Complaint alleging that KKR & Co. Inc. and various related entities (including KKR & Co. GP LLC) failed to make complete and accurate premerger filings at least sixteen separate times, violating Section 7A of the Clayton Act, 15 U.S.C. 18a. The proposed Final Judgment, filed on August 26, 2026, requires KKR & Co. GP LLC to pay a civil penalty in the amount of \$250,000,000 to the United States within thirty calendar days of entry of the Final Judgment.

Copies of the Complaint, proposed Final Judgment, and Competitive Impact Statement are available for inspection on the Antitrust Division's website at <http://www.justice.gov/atr> and at the

Office of the Clerk of the United States District Court for the Southern District of New York. Copies of these materials may be obtained from the Antitrust Division upon request and payment of the copying fee set by Department of Justice regulations.

Public comment is invited within 60 days of the date of this notice. Such comments, including the name of the submitter, and responses thereto, will be posted on the Antitrust Division's website, filed with the Court, and, under certain circumstances, published in the **Federal Register**. Comments should be submitted in English and directed to Danielle Hauck, Acting Chief, Technology and Digital Platforms Section, Antitrust Division, Department of Justice, 450 Fifth Street NW, Suite 7100, Washington, DC 20530 (email address: ATR.Public-Comments-Tunney-Act-MB@usdoj.gov).

Suzanne Morris,

Deputy Director Civil Enforcement Operations, Antitrust Division.

United States District Court

Southern District of New York

UNITED STATES OF AMERICA, U.S. Department of Justice, Antitrust Division, 450 5th St. NW, Washington, DC 20530, Plaintiff, v. KKR & CO. INC., 30 Hudson Yards, New York, NY 10001, KKR & CO. GP LLC, 30 Hudson Yards, New York, NY 10001, KOHLBERG KRAVIS ROBERTS & CO. L.P., 30 Hudson Yards, New York, NY 10001, KKR AMERICAS FUND XII L.P., c/o Kohlberg Kravis Roberts & Co. L.P., 30 Hudson Yards, New York, NY 10001, KKR AMERICAS FUND XII (KESTREL) L.P., c/o Kohlberg Kravis Roberts & Co. L.P., 30 Hudson Yards, New York, NY 10001, KKR AMERICAS FUND XII (THRIVE) L.P., c/o Kohlberg Kravis Roberts & Co. L.P., 30 Hudson Yards, New York, NY 10001, KKR APPLE AGGREGATOR L.P., c/o Kohlberg Kravis Roberts & Co. L.P., 30 Hudson Yards, New York, NY 10001, KKR CHORD IP AGGREGATOR L.P., 30 Hudson Yards, New York, NY 10001, KKR CORE HOLDING COMPANY LLC, c/o Kohlberg Kravis Roberts & Co. L.P., 30 Hudson Yards, New York, NY 10001, KKR CORE II HOLDING COMPANY LLC, c/o Kohlberg Kravis Roberts & Co. L.P., 30 Hudson Yards, New York, NY 10001, KKR DCIF LOWER ENTITY III SCSP, c/o Kohlberg Kravis Roberts & Co. L.P., 30 Hudson Yards, New York, NY 10001, KKR GLOBAL IMPACT FUND SCSP, c/o Kohlberg Kravis Roberts & Co. L.P., 30 Hudson Yards, New York, NY 10001, KKR GLOBAL INFRASTRUCTURE INVESTORS IV USD (APPLE) L.P., c/o Kohlberg Kravis Roberts & Co. L.P., 30 Hudson Yards, New York, NY 10001, KKR NORTH AMERICA FUND XIII SCSP, c/o Kohlberg Kravis Roberts & Co. L.P., 30 Hudson Yards, New York, NY 10001, and

KKR OBSIDIAN AGGREGATOR LP, c/o Kohlberg Kravis Roberts & Co. L.P., 30 Hudson Yards, New York, NY 10001, Defendants.

Case No.: 1:25–cv–343

Complaint

Defendant KKR & Co. Inc. and its co-defendant investment advisors and funds (collectively “KKR”) are in the business of buying and selling companies, often completing over a dozen transactions each year. Many of those transactions are subject to the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (“HSR Act”) and its implementing rules, which require parties to transactions above a certain size to submit a premerger filing to the Department of Justice's Antitrust Division and the Federal Trade Commission. As one of the oldest, largest, and most-sophisticated private equity firms in the United States, KKR and its executives have for nearly five decades been subject to the HSR Act and its requirement to provide information and documents to the federal antitrust agencies, certify their accuracy, and observe the statutory waiting period before completing transactions.

Rather than comply with the law, and despite repeated sworn certifications of its compliance, KKR and its executives systematically flouted the requirements of the HSR Act. Just since 2021 KKR was required to make more than 100 premerger filings under the HSR Act. But over the course of only two years—2021 and 2022—KKR failed to make complete and accurate premerger filings at least 16 separate times. Sometimes KKR failed to include required business documents such as those that assessed competition in markets impacted by the deal, including documents that had already been circulated to its partners and investment committees, despite certifying it had done so. In at least one instance, KKR failed to correct a deficient filing to include documents that its outside counsel had in their possession, even after its outside counsel relayed the Antitrust Division's inquiries about potentially omitted documents. Sometimes KKR's executives and employees ordered or made alterations to the business documents filed including in some instances information about the competitive implications of the proposed transaction. And, for at least two transactions, KKR failed to make any pre-consummation filings at all.

If anything, the 16 violations identified thus far may understate the scope of KKR's noncompliance with the HSR Act. The words of KKR's own employees suggest a culture of noncompliance with the Act that pervades its investment businesses. One KKR partner explicitly instructed a subordinate to "revise [a chart] for HSR purposes," and the subordinate followed that instruction by deleting material relating to "Competitive Behavior" in a presentation deck analyzing KKR's contemplated acquisition. Yet another time, a KKR employee who omitted and altered multiple documents from an HSR Act filing described KKR's approach to its premerger filing obligations: "I've always been told less is more 😊." In response, a more senior executive replied, "I believe in less is more too...." KKR's systematic violations of the HSR Act stem from a failure by its executives and outside counsel to take the steps needed to ensure that KKR and its affiliates complied with the law.

KKR repeatedly evaded legally-mandated scrutiny of its investment business, which allowed it to close potentially anticompetitive transactions without proper review by the antitrust agencies, review that should have been informed by relevant documents and information. By flouting the Act's filing requirements, KKR has impeded the federal antitrust agencies' opportunities to evaluate the potential anticompetitive effects of KKR's transactions before they were completed.

Congress understood that for enforcement against anticompetitive mergers to be most effective, the Antitrust Division and FTC needed specific information and the opportunity to act before the transaction was complete. And Congress recognized not only the importance of the merging company making the required filings and providing the required information, but the importance of that information being timely. Accordingly, Congress authorized steep civil penalties for a company in violation of the Act, penalties that currently stand at more than \$50,000 per day per violation. KKR's serial violations are unusual, expansive, and long-running. Cumulatively, it has been in violation of the HSR Act for more than ten thousand days since early 2021, taking into

account each of the 16 separate violations of which the United States is aware.

The United States brings this civil action to obtain the substantial civil penalties authorized by the Act, and to obtain other equitable relief from KKR to alleviate the harms from its serial violations of the HSR Act and to prevent their recurrence.

The United States alleges as follows:

I. Premerger Filings Required by the Hart-Scott-Rodino Act and the HSR Act Rules

1. The HSR Act's premerger notification and reporting requirements are essential to the integrity of the U.S. antitrust enforcement framework affecting mergers and acquisitions.

2. Today, the vast majority of antitrust enforcement actions affecting mergers and acquisitions falls under Section 7 of the Clayton Act, which prohibits any transaction where, in any relevant market, "the effect of such acquisition may be substantially to lessen competition, or to tend to create a monopoly." 15 U.S.C. 18. Section 7 "is intended to halt monopolies and restraints of trade in their initial stages, before they ripen into full-scale Sherman Act violations." H.R. Rep. 94-1373, at 5 (1976).

3. After Section 7's enactment, however, the antitrust agencies rarely had the chance to sue to block illegal mergers before they were consummated and therefore often could not prevent serious harm to competition from occurring. In 1976, therefore, Congress passed the HSR Act, Section 7A of the Clayton Act, to further strengthen antitrust enforcement by giving the antitrust agencies the chance to move to block transactions before they were complete. Specifically, the HSR Act prohibits any company from carrying out a transaction over a certain size, with certain limited exceptions, unless the company notifies the antitrust agencies of the transaction and generally waits at least 30 days before the transaction is consummated. 15 U.S.C. 18a(a), (b).

4. Although it is not a substitute for post-complaint discovery under the Federal Rules of Civil Procedure, the HSR Act's waiting period is designed to give the antitrust agencies the opportunity to meaningfully investigate whether a transaction may violate the antitrust laws before parties consummate the transaction and, if necessary, to seek an injunction. As Congress made clear, the agencies need "a fair and reasonable opportunity to detect and investigate large mergers of

questionable legality before they are consummated,” H.R. Rep. 94–1373, at 5 (1976), and this pre-consummation review is “essential in order to carry out the underlying purpose of section 7.” S. Rep. 94–803, at 64–65 (1976).

5. The HSR Act, unlike Section 7 of the Clayton Act, does not proscribe anticompetitive conduct. Parties to transactions covered by the HSR Act must abide by its requirements regardless of whether the transaction, if consummated, would be unlawful.

6. The HSR Act authorizes the FTC, with concurrence from the Antitrust Division, to promulgate rules that require the premerger filing notification “be in such form and contain such documentary material and information relevant to a proposed acquisition as is necessary and appropriate” to determine whether such acquisition, if consummated, may violate the antitrust laws. 15 U.S.C. 18a(d)(1). The FTC also is authorized to define the terms used in the HSR Act and establish other rules that are necessary and appropriate to carry out the purposes of the notification and waiting period provisions. 15 U.S.C. 18a(d)(2). The FTC first promulgated the HSR Act Rules in 1978 to carry out the purposes of the HSR Act and has periodically updated them since. 16 CFR 801–803. These HSR Act Rules require that the notification be provided to the antitrust agencies in accordance with a Notification and Report Form (“HSR Form” or “Form”) that is made a part of the Rules. 16 CFR 803.1 and appendix to 16 CFR part 803. The FTC adjusts the HSR Act’s jurisdictional thresholds annually, based on changes in gross national product. Currently, only certain transactions valued at more than \$119.5 million are subject to the HSR Act. 89 FR 7708 (Mar. 6, 2024).

7. The instructions to the HSR Form, contained in the appendix to 16 CFR part 803, require parties to the transaction to submit with their premerger filings certain business documents prepared by or for officers and directors that help illuminate how the proposed transaction may affect competition. These are often referred to as “Item 4” documents after the portions of the HSR Form that call for them. Item 4(c) of the Form requires parties to “[p]rovide all studies, surveys, analyses, and reports which were prepared . . . for the purpose of evaluating or analyzing the acquisition with respect to market shares, competition, competitors, markets, potential for sales growth or expansion into product or geographic markets.” Item 4(d) of the Form requires parties to provide “all Confidential Information

Memoranda”; “all studies, surveys, analyses and reports prepared by [third party advisors such as investment bankers] . . . for the purpose of evaluating or analyzing market shares, competition, competitors, markets, potential for sales growth, or expansion into product or geographic markets”; and “all studies, surveys, analyses and reports evaluating or analyzing synergies and/or efficiencies.”

8. These documents provide information about the merging companies’ own evaluations of competition in the markets likely to be affected by the proposed transaction. These documents also provide unique insight into the viewpoints of the merging parties and are indispensable to the antitrust agencies’ evaluation of potential competitive effects of proposed transactions. As such, documents called for by Item 4 of the HSR Form are some of the most important documents that merging companies must submit to the antitrust agencies.

9. If a party to a transaction does not provide all the information and documents required by the HSR Form, including not providing documents called for by Item 4, then it must provide “a statement of reasons for such noncompliance.” 15 U.S.C. 18a(b)(1). Section 803.3 of the HSR Act Rules details the information that should be included within each statement of noncompliance. The purpose of the statement is to provide the antitrust agencies with sufficient information so that they can assess whether information was withheld lawfully.

10. The HSR Act’s waiting period does not begin until both parties have provided complete notifications, commonly known as “HSR filings,” to the antitrust agencies. Therefore, the HSR Act Rules require an officer, director, or general partner of each filing party to certify, under penalty of perjury under the laws of the United States, that the HSR Form and accompanying documents were “prepared and assembled under [his/her] supervision” in accordance with instructions issued by the FTC, and that “the information is, to the best of [his/her] knowledge, true, correct, and complete” in accordance with the HSR Act and the HSR Act Rules. 16 CFR 803.6(a) and appendix to 16 CFR part 803.

11. This certification is not a rubber stamp. It is intended to place upon the individual who signs it the responsibility for supervising the filing company’s compliance with the HSR Act and ultimately determining that, to the best of that individual’s knowledge, the information provided is true,

correct, and complete in accordance with the HSR Act and the HSR Act Rules. It is also intended to estop the person on whose behalf the HSR Form is filed from later denying the completeness or accuracy of the information contained in it.

12. Congress established significant daily penalties to ensure that companies complied with the HSR Act. A company that fails to comply with any of its notification provisions is liable to the United States for a civil penalty for each day it is in violation. 15 U.S.C. 18a(g)(1). Originally set at \$10,000 per day in 1976, the maximum amount of the civil penalty now sits at \$51,744 per day. Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015, Pub. L. 114–74 § 701 (further amending the Federal Civil Penalties Inflation Adjustment Act of 1990, 28 U.S.C. 2461 note), and 16 CFR 1.98(a). These civil penalties apply without regard to whether the underlying transaction itself also violates the antitrust laws. In addition, Congress further authorized courts to provide such other equitable relief as is necessary or appropriate. 15 U.S.C. 18a(g)(2)(C).

II. KKR’S Illegal Conduct

13. KKR repeatedly violated the HSR Act through conduct that pervaded deal teams, senior executives, and investment funds across the company. Despite routinely certifying its compliance with the HSR Act and HSR Act Rules and purporting to submit complete HSR filings, KKR and its executives failed to meet their obligations under the law. Sometimes, KKR failed to turn over, as required by Item 4 of the HSR Form, business documents reflecting market shares, competitive analysis, and other types of assessments that help illuminate the competitive impact of a transaction. KKR omitted required documents from its HSR filings for at least ten deals. For at least eight transactions, KKR altered documents before submitting them to the antitrust agencies, including in some instances information about the competitive implications of the proposed transaction. And, at least twice, KKR failed to make any premerger HSR filings at all before consummating a qualifying transaction.

A. KKR Systematically Omitted Item 4 Documents, Including in at Least Ten Transactions

14. In March 2022, KKR attempted to acquire a company called TalentNeuron, a leading labor market analytics provider, in a transaction valued at \$300 million. KKR’s HSR filing for

TalentNeuron included only two Item 4 documents. The Antitrust Division notified KKR that it was opening a preliminary investigation into the proposed acquisition and highlighted the paucity of Item 4 documents. In April 2022, KKR withdrew and refiled its HSR filing to extend the HSR premerger review period. The HSR Act Rules required KKR to include any new Item 4 documents with its refiling. 16 CFR 803.12(c). KKR included two additional Item 4 documents with its refiling, including an Investment Committee report that predated the first filing date and plainly should have been submitted in the first instance.

15. KKR prepared the Investment Committee report as it considered whether to acquire TalentNeuron. The report gave detailed information about the competitive implications of the proposed transaction that was relevant to the Antitrust Division's premerger review. In particular, the report analyzed the commercial benefits to KKR of acquiring TalentNeuron and merging it with Emsi Burning Glass, a company that KKR had created through a series of earlier acquisitions of labor market analytics companies. Emsi Burning Glass was also TalentNeuron's

most significant competitor at the time. The Investment Committee report was shared with officers and directors of KKR a few days before KKR first made its HSR filing for the proposed acquisition, and drafts of this document also were shared with KKR's outside antitrust counsel for review. On the day of KKR's original HSR filing, this document was presented to the Investment Committee—a group that included the certifier of the HSR filing—immediately before this individual signed the certification attesting that the filing was complete. Nonetheless, KKR omitted this document from its HSR filing.

16. In response to a subsequent subpoena, KKR later produced three additional documents that had been omitted from the original TalentNeuron HSR filing. KKR blamed its deficient filing, in part, on alleged misunderstandings and oversight by its outside antitrust counsel. Amid further investigation by the Antitrust Division, KKR abandoned the TalentNeuron transaction.

17. As described in further detail below, *see* paragraphs 66–85 and 106–135, there are at least nine other HSR filings, in addition to TalentNeuron, in

which KKR certified that it had complied with the HSR Act and Rules but failed to submit required Item 4 documents with its HSR filing: Emsi (HSR filing nos. 2021–1932; 2023–1045), Lynx (HSR filing no. 2022–0079), Ross (HSR filing no. 2022–0996), OutSystems (HSR filing nos. 2022–2539; 2022–3060), Barracuda (HSR filing no. 2022–2108), Therapy Brands (HSR filing no. 2021–1693), Equus I (HSR filing no. 2022–2600), Equus II (HSR filing no. 2022–3141), and Minnesota Rubber (HSR filing no. 2022–2952). These incomplete HSR filings were prepared by multiple KKR deal team members, certified by senior executives in different investment funds across the company, and submitted by several different outside law firms on behalf of KKR.

18. In many cases, KKR included in these HSR filings a very small number of Item 4 documents and, only in response to the Antitrust Division's investigation, including subpoenas for documents and testimony, did KKR eventually identify more Item 4 documents—and sometimes many more—that KKR omitted from its HSR filings.

19. The omission of documents from these KKR HSR filings resulted from widespread failures within KKR to meet its obligations under the HSR Act. For example, in response to a request from KKR's antitrust counsel to collect Item 4 documents for the HSR filing for KKR's acquisition of OutSystems, one KKR deal team member described to a colleague her approach to these requests: "I've always been told less is more 😊." Her colleague—a senior executive at KKR—replied "I believe in less is more too" In connection with another HSR filing, this time for KKR's acquisition of Ross, a KKR deal team member initially sent some deal documents to a KKR executive and said he intended to send them to antitrust counsel to add to the HSR filing for the transaction. The KKR executive told the deal team member that he "would not include" certain of those documents in the email to antitrust counsel for the HSR filing, and the KKR deal team member agreed: "sounds good . . . think you are right." KKR has declined to produce these documents to the Antitrust Division citing privilege, even though these documents were *withheld* from KKR's own outside antitrust counsel.

B. For at Least Eight Transactions, KKR Altered Documents Before Submitting Them to the Antitrust Division

20. The HSR Act Rules require a merging party to submit true, complete, and correct copies of all responsive documents and then certify that it has done so. But in some cases, KKR employees altered those documents to delete relevant information in ways that limited the ability of the antitrust agencies to accurately assess the antitrust implications of KKR's proposed transactions. These alterations took place after KKR employees had shared them with KKR's officers and directors but before KKR submitted them as part of its HSR filings.

21. As described in greater detail below, *see* paragraphs 66–105, in connection with at least eight separate transactions in 2021–2022, KKR altered language in Item 4 documents before submitting them to the antitrust agencies as part of the associated HSR filings: Emsi (HSR filing nos. 2021–1932; 2023–1045), Lynx (HSR filing no. 2022–0079), Ross (HSR filing no. 2022–0996), OutSystems (HSR filing nos.

2022–2539; 2022–3060), ERM (HSR filing no. 2021–2211), Kobalt Music (HSR filing no. 2021–3222), John Laing (HSR filing no. 2021–2229), and Neighborly (HSR filing no. 2021–2624). In at least four of those instances, KKR both omitted Item 4 documents *and* altered what Item 4 documents it did submit. KKR employees across different investment funds and deal teams altered these documents. Five of the eight affected HSR filings included one altered document each, two included two altered documents each, and one included four altered documents.

22. KKR altered documents even after it became aware of the Antitrust Division's investigation into its HSR Act compliance. KKR made its original HSR filing in connection with the OutSystems acquisition several months *after* the Antitrust Division's investigation began. Nevertheless, KKR made that filing—and certified compliance with the HSR Act and Rules—while omitting multiple Item 4 documents and submitting two others that had been altered. Three months later, KKR submitted a corrective HSR

filing and included the omitted Item 4 documents but still included the altered documents, and then certified its compliance again. Finally, over a year later—more than fifteen months after it had originally purported to comply with the HSR Act, KKR admitted that two Item 4 documents submitted in both earlier HSR filings had been altered prior to their submission.

23. KKR's document alterations in these eight HSR filings included deal materials prepared for KKR executives, such as partner or Investment Committee reports, that discussed key considerations by KKR in analyzing potential transactions. At times, KKR's alterations were extensive. For example, for the ERM Transaction, KKR deleted 40 out of 48 pages of one Item 4 document, and 25 out of 42 pages of another, before submitting the HSR filing and certifying compliance with the statute and Rules. These document alterations were not inadvertent or accidental; rather, KKR deal teams deliberately altered these documents before they were submitted in HSR filings.

C. For at Least Two Different Transactions, KKR Failed To Properly Notify a Merger or Acquisition at All

24. KKR's HSR Act violations go beyond failing to submit or altering Item 4 documents called for by the HSR Form. KKR violated the HSR Act twice by failing to make premerger HSR filings for at least two qualifying transactions.

25. In December 2021, KKR admitted to the FTC that it did not make premerger HSR filings before closing two acquisitions, Applovin and Adjust. When it submitted corrective filings more than seven months after it had completed those transactions, KKR assured the FTC these failures to file were merely "inadvertent[]" and "exceptional," resulting from "an unusual and unanticipated set of circumstances," and inconsistent with its "internal policies and procedures in place to ensure compliance with HSR." But in fact, KKR's failures to comply with the HSR Act requirements for the Applovin or Adjust acquisitions were not "exceptional"—they were of a piece with at least 14 other HSR Act violations committed before, during, and after the failures it admitted to with regard to Applovin and Adjust.

D. KKR's HSR Act Violations Are Systemic

26. For years, KKR failed to maintain sufficient controls over its HSR filing practices and otherwise ensure full compliance with the HSR Act. For example, KKR provided inadequate training to employees involved in collecting responsive documents and certifying HSR filings. At times, KKR deal teams failed to search the files of certain directors or officers for relevant Item 4 documents in preparing HSR filings. And at times, KKR's senior executives who were responsible for certifying under penalty of perjury that each HSR filing was true, correct, and complete and prepared under that executive's supervision failed to review complete and final versions of the filings prior to signing the certifications.

27. Although KKR engaged law firms with significant antitrust experience to assist with its HSR filings, it retained ultimate responsibility for the collection of responsive documents and information for, and certified the adequacy of, each HSR filing.

28. Moreover, even when KKR provided its outside counsel with materials that unambiguously should have been included in an HSR filing—and those responsive materials were not in fact submitted to the antitrust agencies—KKR nonetheless signed the HSR certification and authorized a deficient filing. In at least one instance, KKR did not submit a corrective HSR filing even after its outside counsel relayed to the KKR deal team direct inquiries by the Antitrust Division about potentially omitted documents. Strikingly, there, outside counsel told KKR deal team members that the law firm had in its possession at least one omitted document that it continued to withhold from the Antitrust Division, with KKR's assent, notwithstanding these direct inquiries.

29. KKR's systemic failure to meet its obligations under the HSR Act contributed to at least 16 violations since 2021. The actual number of HSR Act violations to be uncovered during discovery is likely higher.

III. KKR'S Illegal Conduct Threatens the Integrity of the U.S. Premerger Review System

30. While an HSR Act violation may be found regardless of whether the underlying transaction ultimately violates Section 7 of the Clayton Act, 15 U.S.C. 18, KKR's misconduct highlights the potential anticompetitive harm the public bears when companies circumvent the HSR Act's requirements and close potentially anticompetitive transactions without proper premerger review.

31. In at least two instances, KKR closed potentially anticompetitive transactions after submitting HSR filings that omitted and altered documents that were required to be submitted to the antitrust agencies. Both transactions were part of KKR strategies to "roll up" companies through serial acquisitions of a KKR portfolio company's competitors. In each case, KKR omitted and altered required documents about the affected markets that would have informed the Antitrust Division's review of the potential competitive effects of the acquisitions. The omissions and alterations of these documents from KKR's HSR filings allowed it to consummate the acquisitions without the requisite antitrust scrutiny by the Antitrust Division. KKR benefited from

these violations of the HSR Act, generating millions of dollars in revenues, while leaving the public in the affected markets to bear the risks of consolidation and reduced competition as a result of the transactions.

32. In 2021, KKR acquired Emsi, a labor market analytics company, for approximately \$350 million. As part of its HSR filing, KKR submitted only two Item 4 documents, while omitting 28 documents that should have been submitted at the time. The omitted documents contained essential information about competition between Emsi and a KKR portfolio company called Burning Glass, a leading competitor to Emsi and one of very few meaningful alternatives available to customers at the time.

33. The omitted documents included statements related to potential post-merger price increases as a result of a reduction in competition from KKR acquiring Emsi and merging it with Burning Glass. The omitted documents also described the competitive landscape as a "two-player market," consisting of Emsi and Burning Glass, and characterized Emsi as the "biggest" and "closest and most formidable competitor" to Burning Glass. KKR's sanitized HSR filing hid KKR's expectation that the planned merger of Emsi and Burning Glass would be "the killer combination" and provide KKR with an "opportunity to . . . create the undisputed category leader" and a "scaled category killer" in the market.

34. In April 2023, KKR submitted a corrective HSR filing for the Emsi transaction to include these omitted documents—almost two years after closing the deal. But even the corrective HSR filing was not complete, despite KKR's second certification that it was. In August 2023, KKR admitted that both its original HSR filing for Emsi in 2021 and its refiling in 2023 included one Item 4 document that KKR altered before submitting it to the antitrust agencies. While reviewing deal documents related to the planned Emsi acquisition in April 2021, a KKR partner instructed a deal team member to edit a portion of an Investment Committee report in advance of the HSR review process by circling the "Competitive Behavior" section of a diligence chart and writing "[need to revise for HSR purposes]" in the document:

Capital				use of sensitive client data (during resume scraping and candidate information analysis). • Cybersecurity systems and trainings should be in place to ensure protection of IP and PII.
Human Capital	Employee Engagement D&I	Recruitment	Workforce recruitment	• Recruiting and retaining specialized talent (data scientists, software developers, etc.) is critical to success. • Company's commitment to diversity is increasingly scrutinized in the tech sector.
Leadership & Governance	Competitive Behavior	High	Intellectual property and competitive behavior	• Social issues that may arise with the existence of monopolies, which may include excessive prices, poor quality, and inefficiencies. • Exposure to issues such as collusion, price-fixing or manipulation, and bargaining power.
Leadership	Competitive Behavior	High	Monopolistic behavior	• Company's ability to exercise its market power.

35. Thereafter, the KKR deal team member did not merely revise the "Competitive Behavior" section but deleted this row entirely from an earlier version of the document—one that had already been presented to the Investment Committee in March 2021—before submitting the altered document to the Antitrust Division with KKR's HSR filing for Emsi.

36. The full impact of KKR's acquisition of Emsi, and the resulting elimination of head-to-head competition between Emsi and Burning Glass, came to light two years after the transaction closed and during the Antitrust Division's investigation of KKR's HSR Act violations. At that time, the Antitrust Division opened a merger investigation into KKR's then-consummated acquisition of Emsi, issuing compulsory process to both KKR and Emsi's former owner. The merger of Emsi and Burning Glass raised competition concerns about the combination of two leading providers of labor market analytics, potentially resulting in higher prices, fewer choices, and less innovation. As explained in a pricing strategy document uncovered during the post-consummation merger investigation, the Emsi/Burning Glass merger "eliminated a competitor . . . and because of that, [there is] less leverage to drop in price, and more reason to increase." KKR acknowledged this intended effect of the Emsi/Burning Glass merger, hiring a consultant to perform a pricing study shortly after acquiring Emsi to "understand [the] competitive situation after [the] merger." This pricing study recommended an average price increase of about 20% across customer types and attributed that increase in part to "decreased competitive intensity." Thereafter, the merged Emsi/Burning Glass company adopted a strategy of increasing prices.

37. KKR's HSR Act violations with respect to Lynx also disguised a potentially anticompetitive merger involving services provided to general

aviation customers. In 2021, KKR acquired Lynx, a fixed-base operator that provides fuel and other services to general aviation customers, for about \$425 million. KKR launched its strategy to roll up fixed-base operators earlier in 2021 by first acquiring Atlantic Aviation, a company that operated a large network of fixed-base operators throughout the United States, for \$3.5 billion. In 2021, KKR then sought to acquire Lynx, Atlantic Aviation's competitor. KKR submitted only five documents in its HSR filing for Lynx, while omitting another 29 documents that should have been submitted at the time. KKR also deleted five pages of one of the Lynx Item 4 documents that discussed the planned follow-on acquisition of a third fixed-base operator, Ross, and then submitted the same altered document twice: first, as an Item 4 document with its Lynx HSR filing, and then again, the same altered document as an Item 4 document with its Ross HSR filing.

38. As with Emsi, the omitted Item 4 documents for Lynx included important information related to competition—this time about different regional markets where KKR planned to benefit from merging Lynx with Atlantic Aviation's network of fixed-base operators. In these omitted documents, KKR also observed that merging Lynx with Atlantic Aviation would give KKR ownership of the fixed-base operators at "sister pairs" of airports—that is, two airports located near one another in the same metropolitan area—in both Pittsburgh, Pennsylvania, and Portland, Oregon. In Pittsburgh, Atlantic Aviation was the sole fixed-base operator at Pittsburgh International Airport (PIT), and Lynx was the sole fixed-base operator at nearby Allegheny County Airport (AGC). In Portland, Atlantic Aviation was the sole fixed-base operator at Portland International Airport (PDX), and Lynx was one of two fixed-base operators at nearby Aurora State Airport (UAO). KKR explained in the omitted

documents that combining the PIT/AGC sister pair in Pittsburgh, and combining the PDX/UAO sister pair in Portland, "could be strategically complementary, especially for [KKR's] pricing initiative." As a result, KKR concluded in the omitted documents that the combination of Lynx and Atlantic Aviation "will help increase rates" in the Pittsburgh region and "will help lift rates and prices" in the Portland region.

39. With the closing of the Lynx acquisition, KKR took over a competitor and was in a position to enrich itself with expected anticompetitive benefits of the regional consolidation of the Atlantic Aviation and Lynx fixed-base operator networks through its combined ownership of both the PIT/AGC and PDX/UAO sister pairs.

IV. The Defendants

40. Defendant KKR & Co. Inc. ("KKR Parent") is a corporation organized and existing under the laws of the state of Delaware with its principal place of business at 30 Hudson Yards, New York, New York 10001.

41. Defendant KKR & Co. GP LLC ("KKR GP LLC") is a limited liability company organized and existing under the laws of the state of Delaware with its principal place of business at 30 Hudson Yards, New York, New York 10001.

42. Defendant Kohlberg Kravis Roberts & Co. L.P. ("Kohlberg Kravis Roberts") is a limited partnership organized and existing under the laws of the state of Delaware with its principal place of business at 30 Hudson Yards, New York, New York 10001.

43. Defendants KKR Parent, KKR GP LLC, and Kohlberg Kravis Roberts are collectively referred to herein as the "KKR Investment Managers." Defendant KKR Parent owns and controls Defendant KKR GP LLC. Defendant KKR GP LLC is the sole general partner of, and has sole control over, Defendant Kohlberg Kravis Roberts. Defendant Kohlberg Kravis Roberts is the parent company of Defendant KKR Parent's

global asset management business, which includes the remaining Defendants named below, and its employees were responsible for preparing the HSR filings at issue herein.

44. Defendant KKR Americas Fund XII L.P. (“KKR Americas Fund”) is a limited partnership organized and existing under the laws of the Cayman Islands with its principal place of business at 30 Hudson Yards, New York, New York 10001.

45. Defendant KKR Americas Fund XII (Kestrel) L.P. (“KKR Americas Fund Kestrel”) is a limited partnership organized and existing under the laws of the state of Delaware with its principal place of business at 30 Hudson Yards, New York, New York 10001.

46. Defendant KKR Americas Fund XII (Thrive) L.P. (“KKR Americas Fund Thrive”) is a limited partnership organized and existing under the laws of the state of Delaware with its principal place of business at 30 Hudson Yards, New York, New York 10001.

47. Defendant KKR Apple Aggregator L.P. (“KKR Apple Fund”) is a limited partnership organized and existing under the laws of the state of Delaware with its principal place of business at 30 Hudson Yards, New York, New York 10001.

48. Defendant KKR Chord IP Aggregator L.P. (“KKR Chord Fund”) is a limited partnership organized and existing under the laws of Ontario, Canada, with its principal place of business at 30 Hudson Yards, New York, New York 10001.

49. Defendant KKR Core Holding Company LLC (“KKR Core Fund”) is a limited liability company organized and existing under the laws of the state of Delaware with its principal place of business at 30 Hudson Yards, New York, New York 10001.

50. Defendant KKR Core II Holding Company LLC (“KKR Core II Fund”) is a limited liability company organized and existing under the laws of the Cayman Islands with its principal place of business at 30 Hudson Yards, New York, New York 10001.

51. Defendant KKR DCIF Lower Entity III SCSp (“KKR DCIF Fund”) is a special limited partnership organized and existing under the laws of Luxembourg with its principal place of business at 30 Hudson Yards, New York, New York 10001.

52. Defendant KKR Global Impact Fund SCSp (“KKR Global Impact Fund”) is a special limited partnership organized and existing under the laws of Luxembourg with its principal place of business at 30 Hudson Yards, New York, New York 10001.

53. Defendant KKR Global Infrastructure Investors IV USD (Apple) L.P. (“KKR Global Infrastructure Fund”) is a limited partnership organized and existing under the laws of Ontario, Canada, with its principal place of business at 30 Hudson Yards, New York, New York 10001.

54. Defendant KKR North America Fund XIII SCSp (“KKR North America XIII Fund”) is a special limited partnership organized and existing under the laws of Luxembourg with its principal place of business at 30 Hudson Yards, New York, New York 10001.

55. Defendant KKR Obsidian Aggregator LP (“KKR Obsidian Fund”) is a limited partnership organized and existing under the laws of the state of Delaware with its principal place of business at 30 Hudson Yards, New York, New York 10001.

56. Defendants KKR Americas Fund, KKR Americas Fund Kestrel, KKR Americas Fund Thrive, KKR Apple Fund, KKR Chord Fund, KKR Core Fund, KKR Core II Fund, KKR DCIF Fund, KKR Global Impact Fund, KKR Global Infrastructure Fund, KKR North America XIII Fund, and KKR Obsidian Fund are collectively referred to herein as the “KKR Funds.” Each KKR Fund is owned and managed by the KKR Investment Managers. Each KKR Fund is its own ultimate parent entity within the meaning of the HSR Act and had its own obligation to comply with the notification and waiting period requirements of the HSR Act.

57. KKR is a major global investment firm with over \$500 billion in total assets under management. KKR’s asset management business includes a private equity segment operated by Kohlberg Kravis Roberts and other subsidiaries of KKR. KKR describes itself as a “world leader in private equity,” reporting over \$176 billion of private equity assets under management as of December 31, 2023, including a private equity portfolio of over 130 companies headquartered in over 20 countries and operating in about 20 general industries, together generating about \$285 billion in annual revenues.

58. As part of its asset management business, KKR routinely engages in transactions that require notice under the HSR Act. Since 2021, KKR provided notice to the Antitrust Division and the FTC of over 100 proposed transactions under the HSR Act. In a December 2021 letter to the FTC admitting to two failures to make premerger HSR Act filings, KKR touted its wealth of experience with the HSR Act requirements, emphasizing its involvement in “a large number of

transactions (with numerous HSR filings every year),” its engagement of “experienced and highly qualified lead outside HSR counsel,” and its “internal policies and procedures in place to ensure compliance with HSR.” At that time, KKR assured the FTC that it “takes its HSR responsibilities extremely seriously, and substantial efforts ha[d] been dedicated to building a culture and system of compliance.” Contrary to these assurances, KKR disregarded the HSR Act’s requirements throughout its investments business. Since 2021, KKR repeatedly violated the HSR Act by failing to provide true, correct, and complete information to the Antitrust Division and the FTC in HSR filings for, at minimum, the 16 individual transactions identified herein (collectively, the “Transactions”).

V. Jurisdiction

59. The United States brings this action under the HSR Act to obtain monetary and equitable relief for the numerous violations of the HSR Act detailed herein.

60. This Court has subject-matter jurisdiction over this action under Section 7A(g) of the Clayton Act, 15 U.S.C. § 18a(g), and pursuant to 28 U.S.C. 1331, 1337(a), 1345, and 1355.

61. Each Defendant is engaged in interstate commerce and in activities substantially affecting interstate commerce. KKR Parent, both directly and by and through the other named Defendants, provides asset management and insurance solutions throughout the United States. Each Defendant is engaged in a regular, continuous, and substantial flow of interstate commerce, and its sales have had a substantial effect on interstate commerce.

62. This Court has personal jurisdiction over each Defendant. Each Defendant transacts business within this district through, among other things, its presence at 30 Hudson Yards, New York, New York 10001, which is the address of record listed for the filing entity in each HSR filing made by the Defendants.

VI. Venue

63. Venue is proper in this district under Section 12 of the Clayton Act, 15 U.S.C. 22. Each Defendant transacts business within this district through, among other things, its presence at 30 Hudson Yards, New York, New York 10001, which is the address of record listed for the filing entity in each HSR filing made by the Defendants.

VII. Violations Alleged

64. KKR has violated the HSR Act in connection with at least 16 transactions

since 2021. The violations stem from a variety of illegal conduct, including failing to provide required documents as a part of an HSR filing, altering required HSR filing documents, and failing to make required premerger HSR filings. The maximum statutory penalty for these 16 known HSR Act violations currently exceeds \$650 million.

65. The full extent of KKR's HSR Act violations likely exceeds the violations identified and alleged herein based on the systemic nature of the failures of KKR's HSR Act compliance.

Count 1

KKR'S First Violation of the HSR Act: Emsi

66. Plaintiff incorporates the allegations of paragraphs 1 through 65 above.

67. The KKR Investment Managers and KKR Global Impact Fund are Defendants to this Count 1.

68. The KKR Investment Managers, KKR Global Impact Fund, the Emsi Transaction, and the other parties thereto all met the criteria that required premerger notification pursuant to the HSR Act and the HSR Act Rules. Because of this, the KKR Investment Managers, KKR Global Impact Fund, and the other parties to the Emsi Transaction were required to submit HSR filings, certified by an officer, director, or general partner, with all required information, and to observe the statutory period before they could consummate the Emsi Transaction. The KKR Investment Managers and KKR Global Impact Fund violated the premerger notification requirements of the HSR Act by submitting a deficient HSR filing for the Emsi Transaction that both omitted responsive documents and contained a document altered prior to submission.

69. On May 7, 2021, employees of the KKR Investment Managers submitted an HSR filing on behalf of KKR Global Impact Fund in connection with its acquisition of Emsi, a labor market analytics company, for about \$350 million (HSR filing no. 2021-1932). This HSR filing included two Item 4 documents. The Emsi acquisition closed on June 9, 2021.

70. Further investigation revealed, and KKR Global Impact Fund later acknowledged, that KKR Global Impact Fund omitted required documents from this HSR filing and made a first corrective filing for Emsi on April 20, 2023. This corrective filing included 32 additional Item 4 documents, 28 of which predated the original HSR filing date and should have been submitted in the first instance (HSR filing no. 2023-

1045). The omitted documents related to analyses of head-to-head competition between Emsi and Burning Glass, product overlaps, customer interviews, post-merger strategic plans, pricing, and deal valuation. KKR Global Impact Fund made a second corrective filing for Emsi on August 15, 2023, to include the complete version of one Item 4 document in the HSR filing that an employee altered prior to submission to delete text referencing competitive issues (HSR filing no. 2023-1045).

Count 2

KKR'S Second Violation of the HSR Act: Lynx

71. Plaintiff incorporates the allegations of paragraphs 1 through 65 above.

72. The KKR Investment Managers and KKR Apple Fund are Defendants to this Count 2.

73. The KKR Investment Managers, KKR Apple Fund, the Lynx Transaction, and the other parties thereto all met the criteria that required premerger notification pursuant to the HSR Act and the HSR Act Rules. Because of this, the KKR Investment Managers, KKR Apple Fund, and the other parties to the Lynx Transaction were required to submit HSR filings, certified by an officer, director, or general partner, with all required information, and to observe the statutory period before they could consummate the Lynx Transaction. The KKR Investment Managers and KKR Apple Fund violated the premerger notification requirements of the HSR Act by submitting a deficient HSR filing for the Lynx Transaction that both omitted responsive documents and contained a document altered prior to submission.

74. On October 8, 2021, employees of the KKR Investment Managers submitted an HSR filing on behalf of KKR Apple Fund for its acquisition of Lynx, a fixed-base operator providing fuel and other services to general aviation customers, for about \$425 million (HSR filing no. 2022-0079). This HSR filing included five Item 4 documents. The Lynx acquisition closed on November 23, 2021.

75. Further investigation later revealed that KKR Apple Fund omitted another 29 documents that should also have been included in this HSR filing. The omitted documents included information related to analyses of pricing, market shares by location, local and regional overlaps, and competitors. In addition, KKR Apple Fund deleted five pages containing information about competitive overlaps from one Item 4 document prior to submitting this

document with its HSR filing. A complete unaltered version of this document was not produced to the Antitrust Division until November 2023. This HSR Act violation remains ongoing, as KKR Apple Fund has failed to file a corrective HSR filing for this Transaction to date.

Count 3

KKR'S Third Violation of the HSR Act: Ross

76. Plaintiff incorporates the allegations of paragraphs 1 through 65 above.

77. The KKR Investment Managers and KKR Global Infrastructure Fund are Defendants to this Count 3.

78. The KKR Investment Managers, KKR Global Infrastructure Fund, the Ross Transaction, and the other parties thereto all met the criteria that required premerger notification pursuant to the HSR Act and the HSR Act Rules. Because of this, the KKR Investment Managers, KKR Global Infrastructure Fund, and the other parties to the Ross Transaction were required to submit HSR filings, certified by an officer, director, or general partner, with all required information, and to observe the statutory period before they could consummate the Ross Transaction. The KKR Investment Managers and KKR Global Infrastructure Fund violated the premerger notification requirements of the HSR Act by submitting a deficient HSR filing for the Ross Transaction that both omitted responsive documents and contained a document altered prior to submission.

79. On November 29, 2021, employees of the KKR Investment Managers submitted an HSR filing on behalf of KKR Global Infrastructure Fund for the proposed acquisition of Ross, a fixed-base operator providing fuel and other services to general aviation customers, for over \$919 million (HSR filing no. 2022-0996). This HSR filing included 11 Item 4 documents. The Ross acquisition closed on May 27, 2022.

80. Further investigation later revealed that KKR Global Infrastructure Fund omitted another 12 documents that should also have been included in this HSR filing. The omitted documents contained analyses of the competitive impact of the Ross acquisition, post-merger strategic plans, synergies, industry consolidation, top customers, and market shares by location. In addition, KKR Global Infrastructure Fund deleted five pages containing competitive information from one Item 4 document prior to submitting this document with its HSR filing. A complete unaltered version of this

document was not produced to the Antitrust Division until November 2023. This HSR Act violation remains ongoing, as KKR Global Infrastructure Fund has failed to file a corrective HSR filing for this Transaction to date.

Count 4

KKR'S Fourth Violation of the HSR Act: Outsystems

81. Plaintiff incorporates the allegations of paragraphs 1 through 65 above.

82. The KKR Investment Managers and KKR North America Fund XIII are Defendants to this Count 4.

83. The KKR Investment Managers, KKR North America Fund XIII, the OutSystems Transaction, and the other parties thereto all met the criteria that required premerger notification pursuant to the HSR Act and the HSR Act Rules. Because of this, the KKR Investment Managers, KKR North America Fund XIII, and the other parties to the OutSystems Transaction were required to submit HSR filings, certified by an officer, director, or general partner, with all required information, and to observe the statutory period before they could consummate the OutSystems Transaction. The KKR Investment Managers and KKR North America Fund XIII violated the premerger notification requirements of the HSR Act by submitting a deficient HSR filing for the OutSystems Transaction that both omitted responsive documents and contained documents altered prior to submission.

84. On June 24, 2022, employees of the KKR Investment Managers submitted an HSR filing on behalf of KKR North America Fund XIII for the proposed acquisition of OutSystems, an omnichannel enterprise applications tool provider, for between \$202 and \$779 million (HSR filing no. 2022–2539). KKR North America Fund XIII submitted eight Item 4 documents with its HSR filing but subsequently submitted a corrective filing on September 19, 2022, with an additional 15 documents, including eight of which predated the original filing date and should have been submitted in the first instance. The omitted documents contained analyses of competitive positioning, post-merger strategic plans, market landscape and competitive dynamics, detailed customer surveys, and a market study. The OutSystems acquisition closed on October 19, 2022.

85. Further investigation revealed that, even then, though, the corrective filing was not complete, as KKR North America Fund XIII later acknowledged that it had altered two Item 4 documents

included in both the original and corrective HSR filings for OutSystems prior to submission to delete six pages from one document, and seven pages from the other. The deleted pages included information related to competitive positioning, customer surveys, and market landscape. Complete unaltered versions of these documents were not produced to the Antitrust Division until November 2023. This HSR Act violation remains ongoing, as KKR North America Fund XIII has failed to file a corrective HSR filing for this Transaction to date.

Count 5

KKR'S Fifth Violation of the HSR Act: ERM

86. Plaintiff incorporates the allegations of paragraphs 1 through 65 above.

87. The KKR Investment Managers and KKR Core Fund are Defendants to this Count 5.

88. The KKR Investment Managers, KKR Core Fund, the ERM Transaction, and the other parties thereto all met the criteria that required premerger notification pursuant to the HSR Act and the HSR Act Rules. Because of this, the KKR Investment Managers, KKR Core Fund, and the other parties to the ERM Transaction were required to submit HSR filings, certified by an officer, director, or general partner, with all required information, and to observe the statutory period before they could consummate the ERM Transaction. The KKR Investment Managers and KKR Core Fund violated the premerger notification requirements of the HSR Act by submitting a deficient HSR filing for the ERM Transaction that contained documents altered prior to submission.

89. On June 1, 2021, employees of the KKR Investment Managers submitted an HSR filing on behalf of KKR Core Fund for the proposed acquisition of ERM, a provider of environmental, health, safety, risk, and social consulting services, for about \$3 billion (HSR filing no. 2021–2211). The ERM acquisition closed on October 13, 2021.

90. Further investigation later revealed that KKR Core Fund deleted a total of 70 pages across four separate Item 4 documents prior to submitting these documents with this HSR filing, including one document with 40 out of 48 pages deleted and another document with 25 out of 42 pages deleted. The deleted pages included information related to analyses of competitors, market shares, barriers to entry, market projections, pricing, and post-merger plans. Complete unaltered versions of these documents were not produced to

the Antitrust Division until November 2023. This HSR Act violation remains ongoing, as KKR Core Fund has failed to file a corrective HSR filing for this Transaction to date.

Count 6

KKR'S Sixth Violation of the HSR Act: Kobalt Music

91. Plaintiff incorporates the allegations of paragraphs 1 through 65 above.

92. The KKR Investment Managers and KKR Chord Fund are Defendants to this Count 6.

93. The KKR Investment Managers, KKR Chord Fund, the Kobalt Music Transaction, and the other parties thereto all met the criteria that required premerger notification pursuant to the HSR Act and the HSR Act Rules. Because of this, the KKR Investment Managers, KKR Chord Fund, and the other parties to the Kobalt Music Transaction were required to submit HSR filings, certified by an officer, director, or general partner, with all required information, and to observe the statutory period before they could consummate the Kobalt Music Transaction. The KKR Investment Managers and KKR Chord Fund violated the premerger notification requirements of the HSR Act by submitting a deficient HSR filing for the Kobalt Music Transaction that contained documents altered prior to submission.

94. On September 3, 2021, employees of the KKR Investment Managers submitted an HSR filing on behalf of KKR Chord Fund for the proposed acquisition of Kobalt Music, a music rights portfolio company, for about \$1.1 billion (HSR filing no. 2021–3222). The Kobalt Music acquisition closed on October 15, 2021.

95. Further investigation later revealed that KKR Chord Fund altered two Item 4 documents to delete two pages each prior to submitting these documents with this HSR filing. The deleted pages included details about KKR's strategy to subsequently roll up other music rights portfolio companies, as well as anticipated deal pipeline and valuation analysis. Complete unaltered versions of these documents were not produced to the Antitrust Division until November 2023. This HSR Act violation remains ongoing, as KKR Chord Fund has failed to file a corrective HSR filing for this Transaction to date.

Count 7

KKR'S Seventh Violation of the HSR Act: John Laing

96. Plaintiff incorporates the allegations of paragraphs 1 through 65 above.

97. The KKR Investment Managers and KKR DCIF Fund are Defendants to this Count 7.

98. The KKR Investment Managers, KKR DCIF Fund, the John Laing Transaction, and the other parties thereto all met the criteria that required premerger notification pursuant to the HSR Act and the HSR Act Rules. Because of this, the KKR Investment Managers, KKR DCIF Fund, and the other parties to the John Laing Transaction were required to submit HSR filings, certified by an officer, director, or general partner, with all required information, and to observe the statutory period before they could consummate the John Laing Transaction. The KKR Investment Managers and KKR DCIF Fund violated the premerger notification requirements of the HSR Act by submitting a deficient HSR filing for the John Laing Transaction that contained a document altered prior to submission.

99. On June 3, 2021, employees of the KKR Investment Managers submitted an HSR filing on behalf of KKR DCIF Fund for the proposed acquisition of John Laing, an international investment company, for about \$2.8 billion (HSR filing no. 2021–2229). The John Laing acquisition closed on September 22, 2021.

100. Further investigation later revealed that KKR DCIF Fund altered one Item 4 document by deleting five pages in their entirety and selected text from two other pages prior to submitting this document with this HSR filing. The deleted content included analyses of valuation, deal rationale, investment returns, and post-merger plans. A complete unaltered version of this document was not produced to the Antitrust Division until November 2023. This HSR Act violation remains ongoing, as KKR DCIF Fund has failed to file a corrective HSR filing for this Transaction to date.

Count 8

KKR'S Eighth Violation of the HSR Act: Neighborly

101. Plaintiff incorporates the allegations of paragraphs 1 through 65 above.

102. The KKR Investment Managers and KKR North America Fund XIII are Defendants to this Count 8.

103. The KKR Investment Managers, KKR North America Fund XIII, the

Neighborly Transaction, and the other parties thereto all met the criteria that required premerger notification pursuant to the HSR Act and the HSR Act Rules. Because of this, the KKR Investment Managers, KKR North America Fund XIII, and the other parties to the Neighborly Transaction were required to submit HSR filings, certified by an officer, director, or general partner, with all required information, and to observe the statutory period before they could consummate the Neighborly Transaction. The KKR Investment Managers and KKR North America Fund XIII violated the premerger notification requirements of the HSR Act by submitting a deficient HSR filing for the Neighborly Transaction that contained a document altered prior to submission.

104. On July 15, 2021, employees of the KKR Investment Managers submitted an HSR filing on behalf of KKR North America Fund XIII for the proposed acquisition of Neighborly, a franchisor of home servicing brands, for about \$2.2 billion (HSR filing no. 2021–2624). The Neighborly acquisition closed on September 1, 2021.

105. Further investigation later revealed that KKR North America Fund XIII altered one Item 4 document to delete two pages prior to submitting this document with this HSR filing. The deleted pages included analyses of valuation and investment returns. A complete unaltered version of this document was not produced to the Antitrust Division until November 2023. This HSR Act violation remains ongoing, as KKR North America Fund XIII has failed to file a corrective HSR filing for this Transaction to date.

Count 9

KKR'S Ninth Violation of the HSR Act: Barracuda

106. Plaintiff incorporates the allegations of paragraphs 1 through 65 above.

107. The KKR Investment Managers and KKR Core II Fund are Defendants to this Count 9.

108. The KKR Investment Managers, KKR Core II Fund, the Barracuda Transaction, and the other parties thereto all met the criteria that required premerger notification pursuant to the HSR Act and the HSR Act Rules. Because of this, the KKR Investment Managers, KKR Core II Fund, and the other parties to the Barracuda Transaction were required to submit HSR filings, certified by an officer, director, or general partner, with all required information, and to observe the statutory period before they could

consummate the Barracuda Transaction. The KKR Investment Managers and KKR Core II Fund violated the premerger notification requirements of the HSR Act by submitting a deficient HSR filing for the Barracuda Transaction that omitted responsive documents.

109. On April 22, 2022, employees of the KKR Investment Managers submitted an HSR filing on behalf of KKR Core II Fund for the proposed acquisition of Barracuda, a security and data protection solutions provider, for about \$3.75 billion (HSR filing no. 2022–2108). This HSR filing included seven Item 4 documents. The Barracuda acquisition closed on August 15, 2022.

110. Further investigation later revealed that KKR Core II Fund omitted another 19 documents that should also have been included in this HSR filing. The omitted documents included analyses of competitors, interview reports from industry participant surveys, detailed emails to KKR partners analyzing the acquisition and competitive landscape, a KKR partners update report, discussion of proposed price increases, churn analysis, customer surveys, market size and competitive positioning, and discussion of competitive overlaps between Barracuda and other portfolio companies owned by KKR. This HSR Act violation remains ongoing, as KKR Core II Fund has failed to file a corrective HSR filing for this Transaction to date.

Count 10

KKR'S Tenth Violation of the HSR Act: Therapy Brands

111. Plaintiff incorporates the allegations of paragraphs 1 through 65 above.

112. The KKR Investment Managers and KKR Americas Fund Thrive are Defendants to this Count 10.

113. The KKR Investment Managers, KKR Americas Fund Thrive, the Therapy Brands Transaction, and the other parties thereto all met the criteria that required premerger notification pursuant to the HSR Act and the HSR Act Rules. Because of this, the KKR Investment Managers, KKR Americas Fund Thrive, and the other parties to the Therapy Brands Transaction were required to submit HSR filings, certified by an officer, director, or general partner, with all required information, and to observe the statutory period before they could consummate the Therapy Brands Transaction. The KKR Investment Managers and KKR Americas Fund Thrive violated the premerger notification requirements of the HSR Act by submitting a deficient

HSR filing for the Therapy Brands Transaction that omitted responsive documents.

114. On April 9, 2021, employees of the KKR Investment Managers submitted an HSR filing on behalf of KKR Americas Fund Thrive for the proposed acquisition of Therapy Brands, a technology solutions provider for behavioral and mental health organizations, for about \$1.25 billion (HSR filing no. 2021–1693). This HSR filing included six Item 4 documents. The Therapy Brands acquisition closed on May 18, 2021.

115. Further investigation later revealed that KKR Americas Fund Thrive omitted another 17 documents that should also have been included in this HSR filing. The omitted documents included a different version of the Confidential Information Memorandum report submitted with the HSR filing, a later version of a market study submitted with the HSR filing, multiple detailed market participant surveys used to prepare analyses for KKR's Investment Committee, KKR partner meeting reports, and an email to a KKR partner analyzing the proposed acquisition and competitive dynamics. This HSR Act violation remains ongoing, as KKR Americas Fund Thrive has failed to file a corrective HSR filing for this Transaction to date.

Count 11

KKR'S Eleventh Violation of the HSR Act: Equus I

116. Plaintiff incorporates the allegations of paragraphs 1 through 65 above.

117. The KKR Investment Managers and KKR Americas Fund are Defendants to this Count 11.

118. The KKR Investment Managers, KKR Americas Fund, the Equus I Transaction, and the other parties thereto all met the criteria that required premerger notification pursuant to the HSR Act and the HSR Act Rules. Because of this, the KKR Investment Managers, KKR Americas Fund, and the other parties to the Equus I Transaction were required to submit HSR filings, certified by an officer, director, or general partner, with all required information, and to observe the statutory period before they could consummate the Equus I Transaction. The KKR Investment Managers and KKR Americas Fund violated the premerger notification requirements of the HSR Act by submitting a deficient HSR filing for the Equus I Transaction that omitted responsive documents.

119. On July 5, 2022, employees of the KKR Investment Managers submitted an

HSR filing on behalf of KKR Americas Fund for its first attempted sale of Equus, a government-funded workforce and job corps services provider, for about \$147.5 million (HSR filing no. 2022–2600). This HSR filing included seven Item 4 documents. This proposed sale of Equus was subsequently abandoned after the HSR filings were made.

120. Further investigation later revealed that KKR Americas Fund omitted another six documents that should also have been included in this HSR filing. The omitted documents included analyses of competitors, market shares, and bid data including win/loss history. For this abandoned Transaction, KKR was in violation of the HSR Act for a period of 30 days after the inaccurate and incomplete HSR filing was made.

Count 12

KKR'S Twelfth Violation of the HSR Act: Equus II

121. Plaintiff incorporates the allegations of paragraphs 1 through 65 above.

122. The KKR Investment Managers and KKR Americas Fund are Defendants to this Count 12.

123. The KKR Investment Managers, KKR Americas Fund, the Equus II Transaction, and the other parties thereto all met the criteria that required premerger notification pursuant to the HSR Act and the HSR Act Rules. Because of this, the KKR Investment Managers, KKR Americas Fund, and the other parties to the Equus II Transaction were required to submit HSR filings, certified by an officer, director, or general partner, with all required information, and to observe the statutory period before they could consummate the Equus II Transaction. The KKR Investment Managers and KKR Americas Fund violated the premerger notification requirements of the HSR Act by submitting a deficient HSR filing for the Equus II Transaction that omitted responsive documents.

124. On September 30, 2022, employees of the KKR Investment Managers submitted an HSR filing on behalf of KKR Americas Fund for its second attempted sale of Equus for about \$154 million (HSR filing no. 2022–3141), following on the prior deficient HSR filing for its first attempted sale of Equus (HSR filing no. 2022–2600) that omitted six Item 4 documents. This HSR filing included three Item 4 documents. The Equus sale closed on November 1, 2022.

125. Further investigation later revealed that KKR Americas Fund

omitted at least one other document that should also have been included in this HSR filing. The omitted document included an analysis of strategic expansion plans. In addition, several of the documents omitted by KKR Americas Fund in its earlier Equus I HSR filing also contained competitive information relevant to the parties in the Equus II Transaction that should have been available for the Antitrust Division to review in evaluating the Equus II Transaction, had that earlier filing by KKR Americas Fund not also been deficient. This HSR Act violation remains ongoing, as KKR Americas Fund has failed to file a corrective HSR filing for this Transaction to date.

Count 13

KKR'S Thirteenth Violation of the HSR Act: Talentneuron

126. Plaintiff incorporates the allegations of paragraphs 1 through 65 above.

127. The KKR Investment Managers and KKR Obsidian Fund are Defendants to this Count 13.

128. The KKR Investment Managers, KKR Obsidian Fund, the TalentNeuron Transaction, and the other parties thereto all met the criteria that required premerger notification pursuant to the HSR Act and the HSR Act Rules. Because of this, the KKR Investment Managers, KKR Obsidian Fund, and the other parties to the TalentNeuron Transaction were required to submit HSR filings, certified by an officer, director, or general partner, with all required information, and to observe the statutory period before they could consummate the TalentNeuron Transaction. The KKR Investment Managers and KKR Obsidian Fund violated the premerger notification requirements of the HSR Act by submitting a deficient HSR filing for the TalentNeuron Transaction that omitted responsive documents.

129. On March 21, 2022, employees of the KKR Investment Managers submitted an HSR filing on behalf of KKR Obsidian Fund for the proposed acquisition of TalentNeuron, a labor market analytics provider, for about \$300 million (HSR filing no. 2022–1877). KKR Obsidian Fund submitted two Item 4 documents with its initial HSR filing for TalentNeuron but later withdrew and refiled its HSR filing to include two additional documents, including one that predated the original filing date and should also have been included originally. The TalentNeuron sale was abandoned prior to closing.

130. Further investigation later revealed that KKR Obsidian Fund

omitted from both its initial filing and the refiling three other documents that should have been included originally. For this abandoned Transaction, KKR Obsidian Fund was in violation of the HSR Act for a period of 30 days after the inaccurate and incomplete HSR filing was made.

Count 14

KKR'S Fourteenth Violation of the HSR Act: Minnesota Rubber

131. Plaintiff incorporates the allegations of paragraphs 1 through 65 above.

132. The KKR Investment Managers and KKR Americas Fund Kestrel are Defendants to this Count 14.

133. The KKR Investment Managers, KKR Americas Fund Kestrel, the Minnesota Rubber Transaction, and the other parties thereto all met the criteria that required premerger notification pursuant to the HSR Act and the HSR Act Rules. Because of this, the KKR Investment Managers, KKR Americas Fund Kestrel, and the other parties to the Minnesota Rubber Transaction were required to submit HSR filings, certified by an officer, director, or general partner, with all required information, and to observe the statutory period before they could consummate the Minnesota Rubber Transaction. The KKR Investment Managers and KKR Americas Fund Kestrel violated the premerger notification requirements of the HSR Act by submitting a deficient HSR filing for the Minnesota Rubber Transaction that omitted responsive documents.

134. On August 30, 2022, employees of the KKR Investment Managers submitted an HSR filing on behalf of KKR Americas Fund Kestrel in connection with the proposed sale of Minnesota Rubber, a company that manufactures, assembles, distributes, and sells rubber and plastic products and related molds and tooling, for about \$950 million (HSR filing no. 2022–2952). This HSR filing included two Item 4 documents. The sale of Minnesota Rubber closed on October 27, 2022.

135. Further investigation revealed that KKR Americas Fund Kestrel omitted two other documents that should also have been included in this HSR filing. The omitted documents included an email with the subject line “Pricing Power,” as well as analyses of synergies and product overlaps between Minnesota Rubber and the buyer. This HSR Act violation remains ongoing, as KKR Americas Fund Kestrel has failed to file a corrective HSR filing for this Transaction to date.

Count 15

KKR'S Fifteenth Violation of the HSR Act: Applovin

136. Plaintiff incorporates the allegations of paragraphs 1 through 65 above.

137. The KKR Investment Managers and KKR Americas Fund are Defendants to this Count 15.

138. The KKR Investment Managers, KKR Americas Fund, the Applovin Transaction, and the other parties thereto all met the criteria that required premerger notification pursuant to the HSR Act and the HSR Act Rules. Because of this, the KKR Investment Managers, KKR Americas Fund, and the other parties to the Applovin Transaction were required to submit HSR filings, certified by an officer, director, or general partner, with all required information, and to observe the statutory period before they could consummate the Applovin Transaction. The KKR Investment Managers and KKR Americas Fund violated the premerger notification requirements of the HSR Act by failing to timely submit an HSR filing for the Applovin Transaction.

139. On April 19, 2021, KKR Americas Fund acquired additional voting shares of Applovin, an app marketing and monetization software solutions provider, for about \$6.9 billion, but did not submit an HSR filing prior to consummating this Transaction. On December 3, 2021, employees of the KKR Investment Managers submitted a corrective HSR filing on behalf of KKR Americas Fund for its consummated acquisition of Applovin (HSR filing no. 2022–1068).

Count 16

KKR'S Sixteenth Violation of the HSR Act: Adjust

140. Plaintiff incorporates the allegations of paragraphs 1 through 65 above.

141. The KKR Investment Managers and KKR Americas Fund are Defendants to this Count 16.

142. The KKR Investment Managers, KKR Americas Fund, the Adjust Transaction, and the other parties thereto all met the criteria that required premerger notification pursuant to the HSR Act and the HSR Act Rules. Because of this, the KKR Investment Managers, KKR Americas Fund, and the other parties to the Adjust Transaction were required to submit HSR filings, certified by an officer, director, or general partner, with all required information, and to observe the statutory period before they could consummate the Adjust Transaction. The KKR Investment Managers and KKR

Americas Fund violated the premerger notification requirements of the HSR Act by failing to timely submit an HSR filing for the Adjust Transaction.

143. On April 22, 2021, KKR Americas Fund indirectly acquired Adjust, a mobile marketing solutions and analytics provider, for between \$376 million and \$919 million, but did not submit an HSR filing prior to consummating this Transaction. On December 3, 2021, employees of the KKR Investment Managers submitted a corrective HSR filing on behalf of KKR Americas Fund for its consummated acquisition of Adjust (HSR filing no. 2022–1067).

VIII. Request for Relief

144. Wherefore, Plaintiff requests that the Court:

a. adjudge and decree that KKR's conduct in respect of the Transactions violated the HSR Act, 15 U.S.C. 18a;

b. order KKR to pay to the United States an appropriate civil penalty as provided by the HSR Act, 15 U.S.C. 18a(g)(1), the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015, Public Law 114–74, 701 (further amending the Federal Civil Penalties Inflation Adjustment Act of 1990, 28 U.S.C. 2461 note), and 16 CFR 1.98(a);

c. enjoin KKR from any future violations of the HSR Act;

d. order such other equitable relief, including but not limited to disgorgement, plus interest, to eliminate the unlawful financial gains reaped by KKR as a result of its illegal consummation of certain Transactions;

e. grant Plaintiff such other and further relief as the Court may deem just and proper to redress and prevent recurrence of the alleged violations and to dissipate their anticompetitive effects, including structural and behavioral relief; and

f. award Plaintiff its costs of this suit.

Dated this 14th day of January 2025.

Respectfully submitted,
For Plaintiff United States of America:
Doha Mekki, *Acting Assistant Attorney General for Antitrust*.
Ryan Danks, *Director of Civil Enforcement*.
Catherine K. Dick, *Acting Director of Litigation*.
Suzanne Morris, *Deputy Director for Civil Enforcement Operations*.
Aaron Hoag, *Chief, Technology & Digital Platforms Section*.
Danielle Hauck, *Assistant Chief, Technology & Digital Platforms Section*.
Adam Severt, *Assistant Chief, Technology & Digital Platforms Section*.

David Teslicko, Vittorio Cottafavi, Meagan Glynn, Leah Graham, Arshia Najafi,
Trial Attorneys

United States Department of Justice, Antitrust Division, Technology & Digital Platforms Section, 450 Fifth Street NW, Suite 7100, Washington, DC 20530, Telephone: (202) 307-0128, Email: David.Teslicko@usdoj.gov.

Attorneys for the United States

United States District Court Southern District of New York

United States Of America, Plaintiff, -v.-
KKR & CO. INC., et al., Defendants.

1:25-cv-343-LTS

[rel. 1:25-cv-448-LTS]

[Proposed] Final Judgment

Whereas, Plaintiff, United States of America, filed its Complaint on January 14, 2025, alleging violations of Section 7A of the Clayton Act, 15 U.S.C. 18a, commonly known as the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the “HSR Act”);

And Whereas, the United States and KKR (as defined below) have consented to entry of this Final Judgment without the taking of testimony, without trial or adjudication of any issue of fact or law, and without this Final Judgment constituting any evidence against or admission by any party relating to any issue of fact or law;

And Whereas, KKR agrees to pay a civil penalty, as set forth herein, to resolve the claims alleged in the Complaint;

And Whereas, KKR represents that the relief required of it by the provisions of this Final Judgment can and will be made and that KKR will not later raise a claim of hardship or difficulty as grounds for asking the Court to modify any provision of this Final Judgment;

Now therefore, it is *ordered*, *adjudged*, and *decreed*:

I. Jurisdiction

The Court has jurisdiction over the subject matter of and each of the parties to this action. The Complaint states a claim upon which relief may be granted against KKR under Section 7A of the Clayton Act, 15 U.S.C. 18a.

II. Definitions

145. As used in this Final Judgment:

A. “KKR” means Defendant KKR & Co. GP LLC, a Delaware limited liability company with its principal place of business at 30 Hudson Yards, New York, New York 10001, its direct and indirect parents, subsidiaries, divisions, groups, partnerships, and joint ventures, and its and their respective directors, officers, managers, agents, partners, advisors, and employees, and any investment fund, account or vehicle that is managed, advised, or sponsored by any direct or indirect corporate affiliate of KKR & Co. GP LLC.

B. “Including” means including, but not limited to.

C. “Person” means any natural person, corporation, company, partnership, joint venture, firm, association, sole proprietorship, agency, board, authority, commission, office, institution, university, municipality, governmental entity, or other business or legal entity, whether private or governmental.

III. Applicability and Securities Laws

A. The provisions of this Final Judgment shall apply to KKR and all other persons in active concert or participation with KKR who receive actual notice of this Final Judgment.

B. Pursuant to Rule 506(d)(2)(iii), 17 CFR 230.506(d)(2)(iii), as promulgated under the Securities Act of 1933, 15 U.S.C. 77a, *et seq.*, disqualification under paragraph (d)(1)(ii) of Rule 506, 17 CFR 230.506(d)(1)(ii), will not arise as a consequence of the entry of this Final Judgment or of the entry of any other order or judgment in this action.

C. Pursuant to Rule 262(b)(3), 17 CFR 230.262(b)(3), as promulgated under the Securities Act of 1933, 15 U.S.C. 77a, *et seq.*, disqualification under paragraph (a)(2) of Rule 262, 17 CFR 230.262(a)(2), will not arise as a consequence of the entry of this Final Judgment or of the entry of any other order or judgment in this action.

D. Nothing in this Final Judgment or any other order or judgment in this action is intended to permanently or temporarily enjoin KKR or its affiliates or otherwise contain an injunction that would trigger disqualification under Section 9(a) of the Investment Company Act of 1940, 15 U.S.C. 80a–9a, *et seq.*, or give rise to potential subsequent legal proceedings to censure, place limits on, suspend or revoke the registration of KKR, its affiliates or their associated persons under Section 15(b)(4)(C) of the Securities Exchange Act of 1934 or Section 203(e)(4) of the Investment Advisers Act of 1940.

E. None of the conduct alleged in the Complaint arises out of or is attributable to KKR’s or its affiliates’ conduct or advice in their capacity as a broker, dealer, underwriter, investment adviser, bank, insurance company, commodity pool operator, or fiduciary. The Antitrust Division of the Department of Justice has made no finding or determination regarding KKR’s or its affiliates’ ineligibility under the Department of Labor Prohibited Transaction Class Exemption 84–14 or under Prohibited Transaction Exemption 2020–02.

F. KKR & Co. Inc.; Kohlberg Kravis Roberts & Co. L.P.; KKR Americas Fund

XII L.P.; KKR Americas Fund XII (Kestrel) L.P.; KKR Americas Fund XII (Thrive) L.P.; KKR Apple Aggregator L.P.; KKR Chord IP Aggregator L.P.; KKR Core Holding Company LLC; KKR Core II Holding Company LLC; KKR DCIF Lower Entity III SCSp; KKR Global Impact Fund SCSp; KKR Global Infrastructure Investors IV USD (Apple) L.P.; KKR North America Fund XIII SCSp; and KKR Obsidian Aggregator L.P. are hereby dismissed with prejudice pursuant to Federal Rule of Civil Procedure 41(a)(1)(A)(ii) upon entry of this Final Judgment; provided that Sections IV through IX shall not apply to the affiliates of KKR & Co. GP LLC identified in this Paragraph F following the entry of the Stipulation and Order.

IV. Civil Penalty for Alleged Violations of Section 7A of the Clayton Act

146. Within 30 calendar days of entry of this Final Judgment, KKR must pay a civil penalty in the amount of \$250,000,000 to the United States.

V. Payment of the Civil Penalty

A. Payment of the civil penalty ordered hereby must be made by wire transfer of funds. Prior to making the wire transfer, KKR will contact ATR.CivilJudgment@atr.usdoj.gov for instructions.

B. In the event of a default or delay in payment, interest at the rate of 18 percent per annum will accrue from the date of the default to the date of payment.

VI. Stipulation and Order

147. KKR must take all steps necessary to comply with the provisions of the Stipulation and Order entered by the Court.

VII. Public Disclosure

A. No information or documents obtained pursuant to any provision of this Final Judgment may be divulged by the United States to any person other than KKR or an authorized representative of the executive branch of the United States, except in the course of legal proceedings to which the United States is a party, including grand-jury proceedings, or as otherwise required by law or this Final Judgment.

B. In the event of a request by a third party, pursuant to the Freedom of Information Act, 5 U.S.C. 552, for disclosure of information obtained pursuant to any provision of this Final Judgment, the Antitrust Division will act in accordance with that statute, and the Department of Justice regulations at 28 CFR part 16, including the provision on confidential commercial information,

at 28 CFR 16.7. When submitting information to the Antitrust Division, KKR should designate the confidential commercial information portions of all applicable documents and information under 28 CFR 16.7. Designations of confidentiality expire 10 years after submission, “unless the submitter requests and provides justification for a longer designation period.” See 28 CFR 16.7(b).

VIII. Retention of Jurisdiction

The Court retains jurisdiction to enable any party to this Final Judgment to apply to the Court at any time for further orders and directions as may be necessary or appropriate to carry out or construe this Final Judgment, to modify any of its provisions, to enforce compliance, and to punish violations of its provisions.

IX. Enforcement of Final Judgment

A. The United States retains and reserves all rights to enforce the provisions of this Final Judgment against KKR, including the right to seek an order of contempt from the Court. In a civil contempt action, a motion to show cause, or a similar action brought by the United States relating to an alleged violation of any provisions of this Final Judgment, the United States may establish a violation of this Final Judgment by KKR and the appropriateness of a remedy therefor by a preponderance of the evidence, and any argument that a different standard of proof should apply is waived.

B. This Final Judgment should be interpreted to give full effect to the procompetitive purposes of the antitrust laws. KKR may be held in contempt of, and that the Court may enforce, any provision of this Final Judgment that, as interpreted by the Court in light of these procompetitive principles and applying ordinary tools of interpretation, is stated specifically and in reasonable detail, whether or not it is clear and unambiguous on its face. In any such interpretation, the terms of this Final Judgment should not be construed against either party as the drafter.

C. In an enforcement proceeding in which the Court finds that KKR has violated any provisions of this Final Judgment, the United States may apply to the Court for an extension of this Final Judgment, together with other relief that may be appropriate. In connection with a successful effort by the United States to enforce this Final Judgment against KKR, whether litigated or resolved before litigation, KKR agrees to reimburse the United States for the reasonable fees and expenses of its attorneys, as well as all other reasonable

costs including experts' fees, incurred in connection with that effort to enforce this Final Judgment against KKR, including in the investigation of the potential violation.

X. Expiration of Final Judgment

This Final Judgment, including all compliance obligations set forth herein, will expire upon payment in full by KKR of the civil penalty required by Section IV of this Final Judgment.

XI. Reservation of Rights

This Final Judgment settles, discharges, and releases the claims stated in the Complaint against KKR, which include any and all of the claims of the United States against KKR, its portfolio companies, and its and their respective current and former affiliates, directors, officers, managers, agents, partners, advisors, and employees for failure to comply with Section 7A of the Clayton Act, 15 U.S.C. 18a, in connection with submissions pursuant to the HSR Act made, or required to have been made, by any of them prior to the date of the filing of the Complaint. This Final Judgment does not affect other charges or claims the United States may file.

XII. Public Interest Determination

Entry of this Final Judgment is in the public interest. The parties have complied with the requirements of the Antitrust Procedures and Penalties Act, 15 U.S.C. 16, including by making available to the public copies of this Final Judgment and the Competitive Impact Statement, public comments thereon, and any response to comments by the United States. Based upon the record before the Court, which includes the Competitive Impact Statement and, if applicable, any comments and response to comments filed with the Court, entry of this Final Judgment is in the public interest.

Date: _____

[Court approval subject to procedures of Antitrust Procedures and Penalties Act, 15 U.S.C. 16]

United States District Judge

United States District Court Southern District of New York

United States of America, Plaintiff, -v.-
KKR & Co. Inc., et al., Defendants.

1:25-cv-343-LTS
[rel. 1:25-cv-448-LTS]

Competitive Impact Statement

In accordance with the Antitrust Procedures and Penalties Act, 15 U.S.C. 16(b)–(h) (the “APPA” or “Tunney Act”), the United States of America files

this Competitive Impact Statement related to the proposed Final Judgment filed in this civil antitrust proceeding.

I. Nature and Purpose of the Proceeding

On January 14, 2025, the United States filed a civil antitrust Complaint against KKR & Co. Inc.; KKR & Co. GP LLC;¹ Kohlberg Kravis Roberts & Co. L.P., and twelve affiliated funds (collectively “KKR”), for violating the premerger notification and waiting period requirements of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, 15 U.S.C. 18a (the “HSR Act”).

The HSR Act and the accompanying regulations (the “HSR Rules”) require parties to provide advance notice to the federal antitrust agencies—the Department of Justice (“DOJ”), Antitrust Division and the Federal Trade Commission (“FTC”)—of their proposed transaction if it meets certain criteria. After making their HSR filings, parties must observe a statutory waiting period before closing the transaction. Providing advance notice to the agencies, which includes submitting required information about the parties and the transaction and adhering to the waiting period, is necessary to prevent parties from prematurely consolidating their assets before the agencies have had a meaningful opportunity to investigate whether the transaction violates the antitrust laws.

The Complaint alleges that, despite KKR’s decades of experience with the premerger notification process as one of the world’s largest private equity firms, KKR violated the HSR Act in connection with its premerger notification filings for, at minimum, 16 separate transactions (collectively, the “Transactions”) since at least 2021. These violations encompass a range of misconduct: KKR omitted required documents from its HSR filings, KKR altered documents in its HSR filings prior to submission, and KKR failed to make timely HSR filings for qualifying transactions. In addition, KKR’s internal process for preparing and reviewing HSR filings was deficient and lacked adequate supervision, training, and control procedures reasonably necessary to ensure HSR Act compliance by its employees.

¹ The Stipulation and Order was signed by KKR & Co. GP LLC. However, the proposed Final Judgment extends to all of KKR & Co. GP LLC’s “direct and indirect parents, subsidiaries, divisions, groups, partnerships, and joint ventures, and its and their respective directors, officers, managers, agents, partners, advisors, and employees, and any investment fund, account or vehicle that is managed, advised, or sponsored by any direct or indirect corporate affiliate of KKR & Co. GP LLC.” PFJ § II.A.

On April 17, 2025, KKR filed a motion to dismiss the Complaint, which the United States opposed. The Court has not ruled on the pending motion.

The United States has now filed a proposed Final Judgment and Stipulation and Order (“Stipulation and Order”) to which KKR has agreed and that is designed to remedy the violations of the HSR Act alleged in the Complaint. Under the proposed Final Judgment, which is explained more fully below, KKR is required to pay a civil penalty of \$250,000,000.

The United States and KKR have stipulated that the proposed Final Judgment may be entered after compliance with the APPA. Entry of the proposed Final Judgment will terminate this action, except that the Court will retain jurisdiction to construe, modify, or enforce the provisions of the proposed Final Judgment and to punish violations thereof.

II. Description of the Events Giving Rise to the Alleged Violations

A. Background

KKR is a major global investment firm that provides asset management and insurance solutions and has over \$744 billion in total assets under management. KKR’s asset management business includes a private equity segment operated by Kohlberg Kravis Roberts & Co. L.P. and other subsidiaries of KKR. KKR describes itself as “a leader of the private equity industry for five decades” reporting over \$229 billion of private equity assets under management as of December 31, 2025.²

As part of its asset management business, KKR routinely engages in transactions that require notice under the HSR Act. For the period 2021–2024, KKR provided notice to the Antitrust Division and the FTC of over 100 proposed transactions under the HSR Act. During that time, as the Complaint alleges, KKR repeatedly violated the HSR Act by failing to provide true, correct, and complete information to the federal antitrust agencies in premerger notification filings for, at a minimum, the 16 Transactions. For each of the Transactions, KKR filed premerger notification forms pursuant to the HSR Act on behalf of the relevant portfolio company/investment fund.

B. Violations of the HSR Act

As alleged in the Complaint, KKR, the Transactions, and the other parties thereto all met the criteria that required premerger notification pursuant to the HSR Act and the HSR Rules. Because of

this, KKR and the other parties to the Transactions were required to submit premerger notifications, certified by an officer, with all required information, and to observe the statutory waiting period before they could consummate the Transactions.

The Complaint asserts that KKR violated the premerger notification and waiting period requirements of the HSR Act by submitting a deficient HSR filing for each Transaction, for a total of at least 16 HSR Act violations, as follows:

- With respect to ten of the Transactions, KKR omitted responsive HSR documents from its filings. The number of documents per transaction omitted by KKR ranged from one to 29 and included information related to head-to-head competition, product overlaps, post-merger strategic plans, pricing, and deal valuation—all topics covered by the HSR Act’s document production requirements.
- With respect to eight of the Transactions, KKR altered documents prior to submitting them as part of HSR filings, including four transactions for which KKR both omitted *and* altered HSR documents prior to submission. Five of the eight affected HSR filings included one altered document each, two included two altered documents each, and one included four altered documents. These alterations included the deletion of information related to KKR’s investment theses, post-merger strategic plans, competitive overlaps, and future acquisition plans.
- With respect to two of the Transactions, KKR failed to make timely HSR filings. In December 2021, KKR admitted to the FTC that it did not make proper HSR filings before closing two acquisitions. KKR described the failures to file as inadvertent and arising from an unusual and unanticipated set of circumstances related to the timing of a complicated restructuring transaction, and KKR made corrective filings for both transactions.

The examples of recurrent document omissions, document alterations, and failures to file proper HSR Forms are indicative of systemic noncompliance with the HSR Act by KKR. As a major investment firm with billions of dollars of assets under management, and with decades of experience with the HSR Act, KKR knew that compliance with the HSR Act required notification for its qualifying transactions and submission of all responsive documents—in full and without alterations—to the antitrust agencies. KKR’s systemic lack of compliance with the HSR Act’s notification requirements impeded the ability of the antitrust agencies to fully

evaluate the competitive effects of the Transactions prior to consummation.

III. Explanation of the Proposed Final Judgment

The civil penalty KKR must pay pursuant to the proposed Final Judgment is intended to remedy the HSR Act violations alleged in the Complaint. Section IV of the proposed Final Judgment imposes a civil penalty of \$250,000,000 to address the violations alleged in the Complaint, penalize KKR, and deter KKR and others from violating the HSR Act. The United States adjusted the penalty downward from the maximum amount permitted under the HSR Act because KKR is willing to resolve the matter through the proposed Final Judgment, permitting the United States to thereby avoid prolonged litigation, and because KKR has already implemented a new, more robust HSR Act compliance program designed to mitigate the risk of future violations. The release contained in Section IV of the Stipulation and Order and the reservation of rights in Section XI of the proposed Final Judgment releases the claims stated in the Complaint against KKR, *i.e.*, claims that KKR violated Section 7A of the Clayton Act based upon HSR filings that were made, or were required to have been made, prior to the date of the filing of the Complaint, January 14, 2025. It does not affect other charges or claims the United States may file. The United States retains the ability to investigate KKR’s compliance with the HSR Act for more recent and future transactions, such as through the use of civil investigative demands, which it used to uncover the HSR Act violations alleged in the Complaint.

IV. Remedies Available to Potential Private Plaintiffs

Section 4 of the Clayton Act, 15 U.S.C. 15, provides that any person who has been injured as a result of conduct prohibited by the antitrust laws may bring suit in federal court to recover three times the damages the person has suffered as well as costs and reasonable attorneys’ fees. Entry of the proposed Final Judgment neither impairs nor assists the bringing of any private antitrust damage action. Under the provisions of Section 5(a) of the Clayton Act, 15 U.S.C. 16(a), the proposed Final Judgment has no *prima facie* effect in any subsequent private lawsuit that may be brought against one or more Defendants.

² KKR & Co. Inc. 2025 Form 10-K at 8.

V. Procedures Available for Modification of the Proposed Final Judgment

The United States and KKR have stipulated that the proposed Final Judgment may be entered by the Court after compliance with the provisions of the APPA, provided that the United States has not withdrawn its consent. The APPA conditions entry upon the Court's determination that the proposed Final Judgment is in the public interest.

The APPA provides a period of at least 60 days preceding the effective date of the proposed Final Judgment within which any person may submit to the United States written comments regarding the proposed Final Judgment. Any person who wishes to comment should do so within 60 days of the date of publication of this Competitive Impact Statement in the **Federal Register**, or within 60 days of the first date of publication in a newspaper of the summary of this Competitive Impact Statement, whichever is later. All comments received during this period will be considered by the U.S.

Department of Justice, which remains free to withdraw its consent to the proposed Final Judgment at any time before the Court's entry of the Final Judgment. The comments and the response of the United States will be filed with the Court. In addition, the comments and the United States' responses will be published in the **Federal Register** unless the Court agrees that the United States instead may publish them on the U.S. Department of Justice, Antitrust Division's internet website.

Written comments should be submitted in English to:

Danielle Hauck, Acting Chief,
Technology and Digital Platforms
Section, Antitrust Division, United
States Department of Justice, 450 Fifth
St. NW, Suite 7100, Washington, DC
20530, atr.public-comments-tunney-act-mb@usdoj.gov

The proposed Final Judgment provides that the Court retains jurisdiction over this action and that the parties may apply to the Court for any order necessary or appropriate for the modification, interpretation, or enforcement of the Final Judgment.

VI. Alternatives to the Proposed Final Judgment

As an alternative to the proposed Final Judgment, the United States considered a full trial on the merits against the Defendants. The United States is satisfied, however, that the proposed relief is an appropriate remedy in this matter, especially given

the particular circumstances presented in this case including the passage of time and the remedial measures already undertaken by KKR. Thus, the proposed Final Judgment achieves substantially all of the relief the United States would have obtained through litigation but avoids the time, expense, and uncertainty of a full trial on the merits and potential appeals.

VII. Standard of Review Under the APPA for the Proposed Final Judgment

Under the APPA, proposed Final Judgments, or "consent decrees," in antitrust cases brought by the United States are subject to a 60-day comment period, after which the Court shall determine whether entry of the proposed Final Judgment "is in the public interest." 15 U.S.C. 16(e)(1); *see also United States v. Int'l Bus. Mach. Corp.*, 163 F.3d 737, 739–40 (2d Cir. 1998) (describing the Tunney Act process and public interest standard). In making that determination, the Court, in accordance with the statute as amended in 2004, is required to consider:

(A) the competitive impact of such judgment, including termination of alleged violations, provisions for enforcement and modification, duration of relief sought, anticipated effects of alternative remedies actually considered, whether its terms are ambiguous, and any other competitive considerations bearing upon the adequacy of such judgment that the court deems necessary to a determination of whether the consent judgment is in the public interest; and

(B) the impact of entry of such judgment upon competition in the relevant market or markets, upon the public generally and individuals alleging specific injury from the violations set forth in the complaint including consideration of the public benefit, if any, to be derived from a determination of the issues at trial.

15 U.S.C. 16(e)(1)(A) & (B); *see generally United States v. Keyspan*, 763 F. Supp. 2d 633, 637–38 (S.D.N.Y. 2011) (discussing Tunney Act standards). In considering these statutory factors, the Court's inquiry is necessarily a limited one as the government is entitled to "broad discretion to settle with the defendant within the reaches of the public interest." *United States v. Microsoft Corp.*, 56 F.3d 1448, 1461 (D.C. Cir. 1995); *United States v. Hewlett Packard Enterprise Co.*, No. 25–CV–00951–PCP, 2026 WL 2349970, at *16 (N.D. Cal. Aug. 12, 2026); *accord United States v. Alex. Brown & Sons, Inc.*, 963 F. Supp. 235, 238 (S.D.N.Y. 1997), *aff'd sub nom. United States v. Bleznak*, 153 F.3d 16 (2d Cir. 1998) (citing *Microsoft*, 56 F.3d at 1460); *Keyspan*, 763 F. Supp. 2d at 637 (same).

As the United States Court of Appeals for the District of Columbia Circuit has held, under the APPA a court considers, among other things, the relationship between the remedy secured and the specific allegations in the government's Complaint, whether the proposed Final Judgment is sufficiently clear, whether its enforcement mechanisms are sufficient, and whether it may positively harm third parties. *See Microsoft*, 56 F.3d at 1458–62. With respect to the adequacy of the relief secured by the decree, "[t]he Court's function is not to determine whether the proposed [d]ecree results in the balance of rights and liabilities that is the one that will best serve society, but only to ensure that the resulting settlement is 'within the reaches of the public interest.'" *United States v. Morgan Stanley*, 881 F. Supp. 2d 563, 567 (S.D.N.Y. 2012) (quoting *Alex. Brown & Sons*, 963 F. Supp. at 238) (internal quotation marks omitted). In making this determination, "[t]he [c]ourt is not permitted to reject the proposed remedies merely because the [c]ourt believes other remedies are preferable. [Rather], the relevant inquiry is whether there is a factual foundation for the government's decisions such that its conclusions regarding the proposed settlement are reasonable.'" *Morgan Stanley*, 881 F. Supp. 2d at 567 (citing *United States v. Abitibi-Consolidated Inc.*, 584 F. Supp. 2d 162, 165 (D.D.C. 2008)); *see also United States v. Apple, Inc.*, 889 F. Supp. 2d 623, 631 (S.D.N.Y. 2012); *Alex. Brown & Sons*, 963 F. Supp. at 238.³ The United States' predictions about the efficacy of the remedy are to be afforded deference by the Court. *Apple*, 889 F. Supp. 2d at 631; *Microsoft*, 56 F.3d at 1461 (noting the need for courts to be "deferential to the government's predictions as to the effect of the proposed remedies"); *United States v. ArcherDaniels-Midland Co.*, 272 F. Supp. 2d 1, 6 (D.D.C. 2003) (noting that the court should grant due respect to the United States' prediction as to the effect of proposed remedies, its perception of the market structure, and its views of the nature of the case); *United States v. Iron Mountain, Inc.*, 217 F. Supp. 3d 146, 152–53 (D.D.C. 2016) ("In evaluating objections to settlement agreements under the Tunney Act, a court must be mindful

³ *See also United States v. Bechtel Corp.*, 648 F.2d 660, 666 (9th Cir. 1981) ("The balancing of competing social and political interests affected by a proposed antitrust consent decree must be left, in the first instance, to the discretion of the Attorney General."); *see generally Microsoft*, 56 F.3d at 1461 (discussing whether "the remedies [obtained in the decree are] so inconsonant with the allegations charged as to fall outside of the 'reaches of the public interest'").

that [t]he government need not prove that the settlements will perfectly remedy the alleged antitrust harms[;] it need only provide a factual basis for concluding that the settlements are reasonably adequate remedies for the alleged harms.”) (internal quotations omitted).

“Because enforcement by consent decree is an alternative to enforcement by trial or abandonment of the litigation altogether and often reflects the United States’s assessment of litigation risk, a proposed settlement does not need to replicate the full relief that United States sought in its complaint.” *Hewlett Packard Enter.*, 2026 WL 2349970, at *17. “[A] proposed decree must be approved even if it falls short of the remedy the court would impose on its own, as long as it falls within the range of acceptability or is ‘within the reaches of public interest.’” *United States v. Am. Tel. & Tel. Co.*, 552 F. Supp. 131, 151 (D.D.C. 1982); *Apple*, 889 F. Supp. 2d at 637 n.10; *see also United States v. U.S. Airways Grp., Inc.*, 38 F. Supp. 3d 69, 74 (D.D.C. 2014) (noting that room must be made for the government to grant concessions in the negotiation process for settlements) (citing *Microsoft*, 56 F.3d at 1461); *Morgan Stanley*, 881 F. Supp. 2d at 568 (approving the consent decree even though the court may have imposed a greater remedy). To meet this standard, “it is necessary only that the submissions provide an ample ‘factual foundation for the government’s decisions such that its conclusions regarding the proposed settlement are reasonable.’” *Apple*, 889 F. Supp. 2d at 639 (citing *Keyspan*, 763 F. Supp. 2d at 637–38).

Moreover, the Court’s role under the APPA is limited to reviewing the remedy in relationship to the violations that the United States has alleged in its Complaint, and does not authorize the Court to “construct [its] own hypothetical case and then evaluate the decree against that case.” *Microsoft*, 56 F.3d at 1459; *see also Morgan Stanley*, 881 F. Supp. 2d at 567 (“A court must limit its review to the issues in the complaint and give ‘due respect to the [Government’s] perception of . . . its case.’”) (citing *Microsoft*, 56 F.3d at 1461); *United States v. InBev*, 2009 U.S. Dist. LEXIS 84787, at *20 (D.D.C. Aug. 11, 2009) (“[T]he ‘public interest’ is not to be measured by comparing the violations alleged in the complaint against those the court believes could have, or even should have, been alleged”). Because the “court’s authority to review the decree depends entirely on the government’s exercising its prosecutorial discretion by bringing a

case in the first place,” it follows that “the court is only authorized to review the decree itself,” and not to “effectively redraft the complaint” to inquire into other matters that the United States did not pursue. *Microsoft*, 56 F.3d at 1459–60.

In its 2004 amendments to the APPA, Congress made clear its intent to preserve the practical benefits of using judgments proposed by the United States in antitrust enforcement, Public Law 108–237 § 221, and added the unambiguous instruction that “[n]othing in this section shall be construed to require the court to conduct an evidentiary hearing or to require the court to permit anyone to intervene.” 15 U.S.C. § 16(e)(2); *see also Apple*, 889 F. Supp. 2d at 633 (declining to hold evidentiary hearing and finding “[a] hearing would serve only to delay the proceedings unnecessarily.”); *U.S. Airways*, 38 F. Supp. 3d at 76 (stating that “[a] court is not required to hold an evidentiary hearing or to permit intervenors as part of its review under the Tunney Act”). This language explicitly wrote into the statute what Congress intended when it first enacted the Tunney Act in 1974. As Senator Tunney explained: “[t]he court is nowhere compelled to go to trial or to engage in extended proceedings which might have the effect of vitiating the benefits of prompt and less costly settlement through the consent decree process.” 119 Cong. Rec. 24,598 (1973) (statement of Sen. John V. Tunney). Rather, the procedure for the public interest determination is left to the discretion of the court, with the recognition that the court’s “scope of review remains sharply proscribed by precedent and the nature of Tunney Act proceedings.” *SBC Commc’ns*, 489 F. Supp. 2d at 11; *see also Apple*, 889 F. Supp. 2d at 632 (“[P]rosecutorial functions vested solely in the executive branch could be undermined by the improper use of the APPA as an antitrust oversight provision or anti-takeover statute.”) (quoting *United States v. BNS Inc.*, 858 F.2d 456, 466 (9th Cir. 1988)). A court can make its public interest determination based on the detailed allegations in the Complaint, competitive impact statement, and response to public comments alone. *Apple*, 889 F. Supp. 2d at 633; *U.S. Airways*, 38 F. Supp. 3d at 76.

VIII. Determinative Documents

There are no determinative materials or documents within the meaning of the APPA that were considered by the United States in formulating the proposed Final Judgment.

Dated: August 27, 2026

Respectfully submitted,

For Plaintiff United States of America:
Stanley E. Woodward, Jr., *Associate Attorney General*

Emily Claire Mimnaugh, *Deputy Associate Attorney General*

Nicole A. Sarrine, *Deputy Assistant Attorney General*

Suzanne Morris, *Deputy Director for Civil Enforcement Operations*

Andrew L. Kline, *Acting Deputy Director of Civil Enforcement*

Danielle Hauck, *Acting Chief, Technology & Digital Platforms Section*

David M. Teslicko

Meagan Glynn

U.S. Department of Justice

Antitrust Division

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Telephone: 202–710–0114

Email: David.Teslicko@usdoj.gov

Counsel for Plaintiff

[FR Doc. 2026–18136 Filed 9–3–26; 8:45 am]

BILLING CODE 4410–11–P

DEPARTMENT OF LABOR

Veterans’ Employment and Training Service

Agency Information Collection Activities; Submission for OMB Review; Comment Request; OMB Control No. 1293–0014; Veterans’ Employment and Training Service Competitive Grants Programs Reporting

ACTION: Notice of information collection; request for comments.

SUMMARY: The Department of Labor (DOL) Veterans’ Employment and Training Service (VETS) is soliciting comments on the information collection request (ICR) for OMB Control No. 1293–0014 *Veterans’ Employment and Training Service Competitive Grants Programs Reporting*, for which VETS proposes to revise the title to the *Homeless Veterans’ Reintegration Program Grant Recipient Reporting*. The Homeless Veterans’ Reintegration Program (HVRP) is authorized under 38 U.S.C. 2021. HVRP funds over 150 discretionary grants that serve nearly 16,000 veterans experiencing homelessness, veterans at-risk of homelessness, and incarcerated veterans annually, along with nearly 40 Stand Down events. This collection will contain reports submitted by HVRP grant recipients.

DATES: Written comments must be submitted to the office listed in the **ADDRESSES** section below on or before 60 days from November 3, 2026.

ADDRESSES: You may submit comments electronically by any of the following methods:

- *DOL_PRA_PUBLIC@dol.gov*, identified by OMB Control Number 1293–0014.

- *HVRP@dol.gov*. Include “1293–0014 HVRP Grant Recipient Reporting ICR Comment” in the subject line.

Comments, including any personal information provided, become a matter of public record. They will also be summarized and/or included in the request for OMB approval of the information collection request.

FOR FURTHER INFORMATION CONTACT: Kate McCord, Management and Program Analyst, DOL–VETS, by email at *HVRP@dol.gov*, subject line “1293–0014 HVRP Grant Recipient Reporting ICR Information.”

SUPPLEMENTARY INFORMATION:

I. Background

The Department of Labor’s VETS administers funds for the Homeless Veterans’ Reintegration Program (HVRP) grant on an annual basis. These competitive grants are codified under 38 U.S.C. 2021, 2021A, and 2023. VETS provides funds to grant recipients through annual Funding Opportunity Announcements (FOA) and incremental funding throughout the grant’s three-year (12 quarters) period of performance. The total number of grant recipients varies from year to year based on the amount of available funds. Grants are awarded up to \$500,000 each year, for a total of up to \$1,500,000 for the three-year period of performance.

The Assistant Secretary for Veterans’ Employment and Training monitors and supervises the distribution and use of those funds as required by 38 U.S.C. 2021 and 38 U.S.C. 2021A. Additionally, and in accordance with 38 U.S.C. 2021(d), the Secretary shall collect such information as that Secretary considers appropriate to monitor and evaluate the distribution and expenditure of funds appropriated to carry out this section.

VETS is proposing the following revisions:

Revise the title of this information collection: from the *Veterans’ Employment and Training Service Competitive Grants Programs Reporting to the Homeless Veterans’ Reintegration Program Grant Recipient Reporting*.

Migration to an online system: as part of this renewal request, VETS is modernizing how required information is submitted. Historically, respondents completed several instruments using static Excel or PDF formats. To improve data quality, reduce administrative

burden, strengthen validation of reported information, and streamline the submission process, VETS is transitioning these collection instruments into an online system. This change consolidates multiple legacy form formats into a single web-based interface that applies automated checks, enforces required fields, and reduces manual re-entry or formatting errors. This transition does not substantively change the underlying data elements required for HVRP oversight, nor does it expand the scope or frequency of reporting. Instead, it reflects a format change to support more efficient reporting and enhanced usability. The content of the currently approved forms remains aligned with the existing HVRP performance and statutory requirements.

Revisions to the VETS–701 Technical Performance Report (TPR): VGRS–HVRP:

- Several data fields are being removed, consolidated, or relocated to simplify reporting and reduce redundancy.
- Some performance measures and demographic categories are eliminated as they are no longer relevant.
- New fields are added to capture policy updates, such as eligibility status, training types/hours, and registered apprenticeships.
- Terminology is updated for clarity and automated calculations replace manual entries, where possible.
- The structure of participant information, training, services, exit, and follow-up sections is revised to focus on essential data and streamline responses.

Revisions to the VETS–702 Technical Performance Narrative (TPN): VGRS–HVRP:

- Many fields previously requiring manual entry are now auto generated by the system.
- Questions for partially met goals or failed goals are reworded for clarity and to focus on remediation activities to improve performance.
- Financial review sections are updated to better align with federal reporting requirements.
- Personnel reporting is connected to approved positions, with automated calculations and clearer variance explanations.

Revisions to the VETS–703 Stand Down After Action Report (SDAAR):

- Event location and participant eligibility fields are clarified.
- New questions are added to capture planned and expended event costs.
- Certification and representative fields are updated to reflect current terminology and requirements.

II. Desired Focus of Comments

VETS is particularly interested in comments on these topics:

- Evaluate whether the collection of information is necessary for the proper performance of the functions of the Agency, including whether the information has practical utility;
- Evaluate the accuracy of VETS’ estimate of the burden related to the information collection, including the validity of the methodology and assumptions used in the estimate;
- Suggest methods to enhance the quality, utility, and clarity of the information to be collected; and
- Minimize the burden of the information collection 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.

Questions about the information collection requirements may be directed to the person listed in the **FOR FURTHER INFORMATION** section of this notice.

III. Current Actions

VETS has listed the data with respect to the number of respondents, responses, burden hours, and burden costs supporting this information collection request. VETS seeks PRA authorization for three (3) years. OMB authorization for an Information Collection Review cannot be for more than three (3) years without renewal. VETS notes that currently approved information collection requirements submitted to the OMB receive a month-to-month extension while they undergo review.

Estimated Annual Burden Hours

Type of Review: Revision.

Agency: VETS.

OMB Control Number: 1293–0014.

Affected Public: Businesses or other for-profits, Not-for-profit institutions, State and Local Governments.

Estimated Number of Respondents: 155.

Frequency: Varies.

Total Estimated Annual Responses: 659.

Estimated Total Annual Burden Hours: 1,890.

Forms:

- VGRS–HVRP
- SDAAR

Comments submitted in response to this notice will be summarized in the request for Office of Management and Budget approval of the proposed information collection request; they will become a matter of public record and

will be available at <https://www.reginfo.gov>.

Jeremiah Workman,

Assistant Secretary, Veterans' Employment and Training Service.

[FR Doc. 2026-18098 Filed 9-3-26; 8:45 am]

BILLING CODE 4510-79-P

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

[NASA Document Number: 26-049]

Name of Information Collection: NASA Visitor Management System (NVMS)

AGENCY: National Aeronautics and Space Administration (NASA).

ACTION: Notice of revision of a currently approved information collection.

SUMMARY: NASA, as part of its continuing effort to reduce paperwork and respondent burden, under the Paperwork Reduction Act (PRA), invites the general public and other Federal agencies to take this opportunity to comment on proposed and/or continuing information collections.

DATES: Comments are due by October 5, 2026.

ADDRESSES: Written comments and recommendations for this 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 Review—Open for Public Comments".

FOR FURTHER INFORMATION CONTACT:

Requests for additional information or copies of the information collection instrument(s) and instructions should be directed to NASA PRA Clearance Officer, Stayce Hoult, NASA Headquarters, 300 E Street SW, JC0000, Washington, DC 20546, phone 256-714-8575, or email hq-ocio-pra-program@mail.nasa.gov.

SUPPLEMENTARY INFORMATION:

I. Abstract

NASA hosts/sponsors numerous events on federally owned/leased property which are open to NASA affiliates and members of the public. The events include but are not limited to meetings, conferences, briefings, public outreach activities, tours, focus groups, etc. Visitor access is substantiated by a credentialed NASA sponsor who validates the visitor's need to access a building/area, guest networking services, etc. for a specific event/purpose. Information is collected to validate identity and enable intermittent access to activities.

The NASA Office of Protective Services transitioned to a one-NASA process to manage access for visitors with an affiliation less than 30-days.

NASA may collect event registration information to include but not limited to a visitor's name, address, citizenship, biometric data, purpose of visit, the location to be visited, escort/sponsor name with contact data, and preferred meeting/event sessions when options are available. When parking is provided on federally owned/leased space, driver's license information as well as vehicle make/model/tag information will be collected.

When visitors/vendors are permitted to bring equipment and/or event set-up materials such as booths and displays, information will be collected to issue property passes and coordinate equipment/property delivery. Information will also be collected, when applicable, to include other associated requirements such as electrical power needs, internet access, etc.

NASA collects, stores, and secures information from individuals requiring routine and intermittent access in a manner consistent with the Constitution and applicable laws, including the Privacy Act (5 U.S.C. 552a) and the Paperwork Reduction Act.

II. Methods of Collection

Electronic.

III. Data

Title: NASA Visitor Management System (NVMS).

OMB Number: 2700-0165.

Type of review: Notice of Revision of a previously approved information collection.

Affected Public: Individuals.

Estimated Annual Number of

Activities: 400,000.

Estimated Number of Respondents per Activity: 1.

Annual Responses: 400,000.

Estimated Time per Response: 8

minutes.

Estimated Total Annual Burden

Hours: 53,333 hours.

IV. Request for Comments

Comments are invited on: (1) Whether the proposed collection of information is necessary for the proper performance of the functions of NASA, including whether the information collected has practical utility; (2) the accuracy of NASA's estimate of the burden (including hours and cost) 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 automated collection techniques or the use of other forms of information technology.

Comments submitted in response to this notice will be summarized and included in the request for OMB approval of this information collection. They will also become a matter of public record.

Stayce Hoult,

PRA Clearance Officer, National Aeronautics and Space Administration.

[FR Doc. 2026-18175 Filed 9-3-26; 8:45 am]

BILLING CODE 7510-13-P

NUCLEAR REGULATORY COMMISSION

[NRC-2026-0001]

Sunshine Act Meetings

TIME AND DATE: Weeks of September 7, 14, 21, 28, and October 5, 12, 2026. 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>.

PLACE: 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.

STATUS: Public and closed.

Members of the public may request to receive the information in these notices 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.

MATTERS TO BE CONSIDERED:

Week of September 7, 2026

Wednesday, September 9, 2026

10:00 a.m. Briefing on NRC International Activities (Closed Ex. 1 and 9)

Week of September 14, 2026—Tentative

There are no meetings scheduled for the week of September 14, 2026.

Week of September 21, 2026—Tentative

There are no meetings scheduled for the week of September 21, 2026.

Week of September 28, 2026—Tentative

Tuesday, September 29, 2026

10:00 a.m. All Employees Meeting (Public Meeting); (Contact: Wesley Held: 301–287–3591)

Additional Information: The meeting will be held in the TWFN Auditorium, 11545 Rockville Pike, Rockville, Maryland. The public is invited to attend the Commission's meeting in person or watch live via webcast at the Web address—<https://video.nrc.gov/>.

Week of October 5, 2026—Tentative

There are no meetings scheduled for the week of October 5, 2026.

Week of October 12, 2026—Tentative

Thursday, October 15, 2026

9:00 a.m. CDT Nuclear Regulatory Commission Reorganization First 100 Days: Enhancing Reactor and Materials Oversight Integration and Performance (Public Meeting); (Contact: Wesley Held: 301–287–3591)

Additional Information: The meeting will be held in the NRC Region IV offices at 1600 East Lamar Boulevard, Arlington, Texas 76011–4511. The public is invited to attend the Commission's meeting in person or watch live via webcast at the Web address—<https://video.nrc.gov/>.

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 NRC is holding the meetings under the authority of the Government in the Sunshine Act, 5 U.S.C. 552b.

Dated: September 2, 2026.

For the Nuclear Regulatory Commission.

Wesley W. Held,

Policy Coordinator, Office of the Secretary.

[FR Doc. 2026–18192 Filed 9–2–26; 4:15 pm]

BILLING CODE 7590–01–P

Dominant product list and to remove International Reply Coupon Service from the list of Market Dominant Special Services products. This notice informs the public of the filing, invites public comment, and takes other administrative steps.

DATES: *Comments are due:* September 15, 2026.

ADDRESSES: Submit comments electronically via the Commission's Filing Online system at <https://www.prc.gov>. Those who cannot submit comments electronically should contact the person identified in the **FOR FURTHER INFORMATION CONTACT** section by telephone for advice on filing alternatives.

FOR FURTHER INFORMATION CONTACT: David A. Trissell, General Counsel, at 202–789–6820.

SUPPLEMENTARY INFORMATION:**Table of Contents**

- I. Introduction
- II. Contents of Filing
- III. Commission Action
- IV. Ordering Paragraphs

I. Introduction

On August 31, 2026, pursuant to 39 U.S.C. 3642 and 39 CFR 3040.130–3040.132, the Postal Service filed a request to remove *Mail Classification Schedule* (MCS) section 1535 International Reply Coupon Service from the Market Dominant product list.¹ In addition, pursuant to 39 U.S.C. 3632 and 39 CFR 3040.180–3040.181, the Postal Service also requests to remove “International Reply Coupon Service (1535)” from the list of Market Dominant Special Services products in MCS section 1500.2. *Id.*

II. Contents of Filing

The Postal Service states that at the Universal Postal Union (UPU) 2025 Dubai Congress, Article 18 of the Universal Postal Convention (Convention) was amended to remove the sale of international reply coupons from the Convention effective January 1, 2027.² The Postal Service also states

that the UPU website indicates that international reply coupons will not be valid after December 31, 2026.³ Therefore, the Postal Service proposes to remove MCS section 1535 International Reply Coupon Service from the list of Market Dominant products, and make conforming classification changes in MCS section 1500.2 to remove “International Reply Coupon Service (1535)” from the list of Market Dominant Special Services products, effective January 1, 2027. Request at 1–2.

The Postal Service includes a copy of the Governors' Resolution supporting the Request in Attachment 1, a statement of supporting justification required by 39 CFR 3040.132 in Attachment 2, and a copy of the applicable sections of the MCS and the proposed changes in legislative format in Attachment 3. *Id.* at 4; *id.* Attachments 1–3.

The Postal Service provides a discussion of its compliance with 39 U.S.C. 3642 and 39 CFR 3040.130–3040.132 for the proposed removal of MCS section 1535 International Reply Coupon Service from the Market Dominant product list. Request at 2–4. The Postal Service also provides a discussion of its compliance with 39 CFR 3040.180–3040.181 for the proposed classification change to remove “International Reply Coupon Service (1535)” from the list of Market Dominant Special Services products in MCS section 1500.2. *Id.* at 4–7.

III. Commission Action

The Commission establishes Docket No. MC2026–368 for consideration of matters raised by the Request. The Commission invites comments on whether the Postal Service's filing is consistent with 39 U.S.C. 3632 and 3642 and 39 CFR 3040.130–3040.132 and 3040.180–3040.181. Comments are due September 15, 2026. The public portions of the filings can be accessed via the Commission's website (<https://www.prc.gov>).

The Commission appoints Katalin Clendenin to represent the interests of

POSTAL REGULATORY COMMISSION

[Docket No. MC2026–368; Order No. 9708]

Mail Classification Schedule

AGENCY: Postal Regulatory Commission.

ACTION: Notice.

SUMMARY: The Commission is recognizing a recently filed Postal Service request to remove International Reply Coupon Service from the Market

¹ Request of the United States Postal Service to Remove International Reply Coupon Service from the Market Dominant Product List and Make Accompanying Classification Changes, August 31, 2026, at 1 (Request).

² *Id.* at 1–2 (citing Decisions of the 2023 Riyadh Extraordinary Congress, Universal Postal Convention (including the Final Protocol thereto), Article 18.3.2 (stating that international reply coupons, which shall be exchangeable in any member country, is a mandatory supplementary service, but the sale of international reply coupon is an optional supplementary service) (page 216 of the PDF), available at <https://www.upu.int/UPU/media/upu/files/aboutUpu/acts/08-actsAndOtherDecisionsPreviousCongresses/CNG->

<https://www.upu.int/UPU/media/upu/files/aboutUpu/acts/07-actsAndOtherDecisions2025DubaiCongress/2025DubaiCongressDecisionsEn.pdf>); Decisions of the 2025 Dubai Congress, Second Additional Protocol to the Universal Postal Convention, Article VIII (Article 18 amended), paragraph 3.2 (deleting international reply coupons entirely from the list of supplementary service) (page 40 of the PDF), and Article XXII (stating the effective date shall be January 1, 2027) (page 59 of the PDF), available at <https://www.upu.int/UPU/media/upu/files/aboutUpu/acts/07-actsAndOtherDecisions2025DubaiCongress/2025DubaiCongressDecisionsEn.pdf>).

³ Request at 2 (citing UPU, International reply coupons, available at <https://www.upu.int/en/universal-postal-union/activities/phlatately-ircs/international-reply-coupons-ircs>).

the general public (Public Representative) in this docket, pursuant to 39 CFR 3010.101(q)(3). 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.

IV. Ordering Paragraphs

It is ordered:

1. The Commission establishes Docket No. MC2026–368 for consideration of matters raised by the Postal Service's Request.

2. Pursuant to 39 CFR 3010.101(q)(3), Katalin Clendenin is appointed to serve as an officer of the Commission (Public Representative) to represent the interests of the general public in this proceeding.

3. Comments are due September 15, 2026.

4. This Order, or abstract thereof, shall be published in the **Federal Register**.

By the Commission.

Sarah Wessel,

Senior Paralegal Specialist.

[FR Doc. 2026–18118 Filed 9–3–26; 8:45 am]

BILLING CODE 7710–FW–P

POSTAL REGULATORY COMMISSION

[Docket Nos. MC2026–369 and K2026–359; MC2026–371 and K2026–361]

New Postal Products

AGENCY: Postal Regulatory Commission.

ACTION: Notice.

SUMMARY: The Commission is noticing a recent Postal Service filing for the Commission's consideration concerning a negotiated service agreement. This notice informs the public of the filing, invites public comment, and takes other administrative steps.

ADDRESSES: Submit comments electronically via the Commission's Filing Online system at <https://www.prc.gov>. Those who cannot submit comments electronically should contact the person identified in the **FOR FURTHER INFORMATION CONTACT** section by telephone for advice on filing alternatives.

FOR FURTHER INFORMATION CONTACT: David A. Trissell, General Counsel, at 202–789–6820.

SUPPLEMENTARY INFORMATION:

Table of Contents

- I. Introduction
- II. Public Proceeding(s)
- III. Summary Proceeding(s)

I. Introduction

Pursuant to 39 CFR 3041.405, the Commission gives notice that the Postal Service filed request(s) for the Commission to consider matters related to Competitive negotiated service agreement(s). The request(s) may propose the addition of a negotiated service agreement from the Competitive product list or the modification of an existing product currently appearing on the Competitive product list.

The public portions of the Postal Service's request(s) can be accessed via the Commission's website (<http://www.prc.gov>). Non-public portions of the Postal Service's request(s), if any, can be accessed through compliance with the requirements of 39 CFR 3011.301.¹

Section II identifies the docket number(s) associated with each Postal Service request, if any, that will be reviewed in a public proceeding as defined by 39 CFR 3010.101(p), the title of each such request, the request's acceptance date, and the authority cited by the Postal Service for each request. For each such request, the Commission appoints an officer of the Commission to represent the interests of the general public in the proceeding, pursuant to 39 U.S.C. 505 and 39 CFR 3000.114 (Public Representative). The Public Representative does not represent any individual person, entity or particular point of view, and, when Commission attorneys are appointed, no attorney-client relationship is established. Section II also establishes comment deadline(s) pertaining to each such request.

The Commission invites comments on whether the Postal Service's request(s) identified in Section II, if any, are consistent with the policies of title 39. Applicable statutory and regulatory requirements include 39 U.S.C. 3632, 39 U.S.C. 3633, 39 U.S.C. 3642, 39 CFR part 3035, and 39 CFR part 3041. Comment deadline(s) for each such request, if any, appear in Section II.

Section III identifies the docket number(s) associated with each Postal Service request, if any, to add a standardized distinct product to the Competitive product list or to amend a standardized distinct product, the title of each such request, the request's acceptance date, and the authority cited by the Postal Service for each request. Standardized distinct products are negotiated service agreements that are variations of one or more Competitive

products, and for which financial models, minimum rates, and classification criteria have undergone advance Commission review. See 39 CFR 3041.110(n); 39 CFR 3041.205(a). Such requests are reviewed in summary proceedings pursuant to 39 CFR 3041.325(c)(2) and 39 CFR 3041.505(f)(1). Pursuant to 39 CFR 3041.405(c)–(d), the Commission does not appoint a Public Representative or request public comment in proceedings to review such requests.

II. Public Proceeding(s)

None. See Section III for summary proceedings.

III. Summary Proceeding(s)

1. *Docket No(s):* MC2026–369 and K2026–359; *Filing Title:* USPS Request to Add New Mid-Market Standardized Distinct Product, PM–GA Contract 1081, and Notice of Filing Materials Under Seal; *Filing Acceptance Date:* September 1, 2026; *Filing Authority:* 39 U.S.C. 3642 and 3633, 39 CFR 3035.105, and 39 CFR 3041.325.

2. *Docket No(s):* MC2026–371 and K2026–361; *Filing Title:* USPS Request to Add New Fulfillment Standardized Distinct Product, PM–GA Contract 1083, and Notice of Filing Materials Under Seal; *Filing Acceptance Date:* September 1, 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. 2026–18137 Filed 9–3–26; 8:45 am]

BILLING CODE 7710–FW–P

SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 36317 ; 812–16057]

Eldridge Dynamic Income Fund and Eldridge Structured Credit Advisers, LLC

September 1, 2026.

AGENCY: Securities and Exchange Commission (“Commission” or “SEC”).

ACTION: Notice.

Notice of an application under section 6(c) of the Investment Company Act of 1940 (the “Act”) for an exemption from sections 18(a)(2), 18(c) and 18(i) of the Act, under sections 6(c) and 23(c) of the Act for an exemption from rule 23c–3 under the Act, and for an order pursuant to section 17(d) of the Act and rule 17d–1 under the Act.

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).

SUMMARY OF APPLICATION: Applicants request an order to permit certain registered closed-end investment companies to issue multiple classes of shares and to impose asset-based distribution and/or service fees and early withdrawal charges.

APPLICANTS: Eldridge Dynamic Income Fund and Eldridge Structured Credit Advisers, LLC

FILING DATE: The application was filed on July 20, 2026.

HEARING OR NOTIFICATION OF HEARING: An order granting the requested relief will be issued unless the Commission orders a hearing. Interested persons may request a hearing on any application by emailing the SEC's Secretary at *Secretarys-Office@sec.gov* and serving the Applicants with a copy of the request by email, if an email address is listed for the relevant Applicant below, or personally or by mail, if a physical address is listed for the relevant Applicant below. The email should include the file number referenced above. Hearing requests should be received by the Commission by 5:30 p.m., Eastern time, on September 28, 2026, and should be accompanied by proof of service on the Applicants, in the form of an affidavit, or, for lawyers, a certificate of service. Pursuant to rule 0–5 under the Act, hearing requests should state the nature of the writer's interest, any facts bearing upon the desirability of a hearing on the matter, the reason for the request, and the issues contested. Persons who wish to be notified of a hearing may request notification by emailing the Commission's Secretary at *Secretarys-Office@sec.gov*.

ADDRESSES: The Commission: *Secretarys-Office@sec.gov*. Applicants: Meredith Dodd, 767 Fifth Avenue, Floor 17, New York, NY 10153, with copies to Rajib Chanda, Esq., *rajb.chanda@stblaw.com*, Neesa Patel Sood, Esq., *Neesa.Sood@stblaw.com*, and Matthew Micklavzinaz, Esq., *Matthew.Micklavzina@stblaw.com*, Simpson, Thacher & Bartlett LLP, 900 G Street NW, Washington, DC 20001.

FOR FURTHER INFORMATION CONTACT: Trace W. Rakestraw, Senior Special Counsel, at (202) 551–6825 (Division of Investment Management, Chief Counsel's Office).

SUPPLEMENTARY INFORMATION: For Applicants' representations, legal analysis, and conditions, please refer to Applicants' application, dated July 20, 2026, which may be obtained via the Commission's website by searching for the file number at the top of this document, or for an Applicant using the

Company name search field on the SEC's EDGAR system. The SEC's EDGAR system may be searched at <https://www.sec.gov/search-filings>.

You may also call the SEC's Office of Investor Education and Assistance at (202) 551–8090.

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

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2026–18108 Filed 9–3–26; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–106256; File No. SR–C2–2026–023]

Self-Regulatory Organizations; Cboe C2 Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Its Fee Schedule To Implement an Exchange Order Entry Protocol Migration Program

September 1, 2026.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”) ¹ and Rule 19b–4 thereunder, ² notice is hereby given that on August 20, 2026, Cboe C2 Exchange, Inc. (the “Exchange” or “C2”) 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

Cboe C2 Exchange, Inc. (the “Exchange” or “C2”) proposes to amend its fee schedule to implement an Exchange Order Entry Protocol Migration Program. The text of the proposed rule change is provided in Exhibit 5.

The text of the proposed rule change is also available on the Commission's website (<https://www.sec.gov/rules/sro.shtml>), the Exchange's website (https://www.cboe.com/us/options/regulation/rule_filings/ctwo/), and at the principal office of the Exchange.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b–4.

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 the Statutory Basis for, the Proposed Rule Change

1. Purpose

The purpose of the proposed rule change is to introduce the Exchange's Order Entry Protocol Migration Program (the, “Program”). As described in further detail below, the Program is intended to provide Trading Permit Holders (“TPHs”), ³ subject to certain conditions, fee credits for logical ports that TPHs establish solely for use as a back-up connection during an Exchange initiated order entry protocol migration; e.g., migrating from BOEv2 ⁴ logical ports to BOEv3 logical ports.

Specifically, the proposed Program would provide that during an Exchange initiated order entry protocol migration (“Migration”) a TPH may establish a logical port to serve solely as a backup connection (“Redundant Logical Port”) during the TPH's migration from a prior logical port protocol to the current logical port protocol (“New Logical Port”). The Redundant Logical Port may only be used for Exchange issues directly related to the Migration that prevent the TPH from using their New Logical Port, thereby requiring the TPH to instead use their Redundant Logical Port to enter orders and/or quotes into the System. ⁵ A TPH shall be eligible for a credit of the monthly logical port fee(s) that would otherwise be assessed for such Redundant Logical Port,

³ The terms “Trading Permit Holder” or “TPH” mean an Exchange-recognized holder of a Trading Permit. A Trading Permit Holder is deemed a “member” under the Exchange Act. See Rule 1.1.

⁴ The term BOE refers to Cboe Binary Order Entry (“BOE”), which is a proprietary order entry protocol. See “Cboe Titanium U.S. Options BOEv3 Specification,” available at <https://www.cboe.com/document/tech-spec/content/technical-specifications/cboe-titanium-u.s.-options-boev3-specification>.

⁵ The term “System” means the automated trading system the Exchange uses for the trading of option contracts. See Rule 1.1.

provided that: (i) the TPH notifies the Exchange's Trade Desk, in a manner specified by the Exchange, that the Redundant Logical Port being established is intended to serve only as a backup connection during a Migration; (ii) the Redundant Logical Port is canceled by the TPH within 30 calendar days of the TPH designating such logical port as a Redundant Logical Port; (iii) any orders and/or quotes entered by the TPH into the Redundant Logical Port must be due to an Exchange issue directly related to the Migration; and (iv) within 30 days following such cancellation, the TPH submits to the Exchange's Trade Desk a request for a credit of the fees assessed by the Exchange for the Redundant Logical Port.

Following receipt of the credit request, the Exchange will review the Redundant Logical Port's order and quote usage for the period during which the Redundant Logical Port was designated as such and confirm the TPH's compliance with (i)–(iv), above. If the TPH satisfies these requirements the Exchange will apply a credit for the fees assessed for the Redundant Logical Port to the TPH's invoice for the billing cycle following the Exchange's confirmation.

The Exchange is implementing the Program to credit logical port fees back to TPHs where their establishment of a Redundant Logical Port was solely for the purpose of creating backup logical ports to be used in the event a TPH's New Logical Port, through no fault of their own, is not available for use, thereby preventing their access to the Exchange. In this regard, by creating Redundant Logical Ports, TPHs can responsibly ensure that they will maintain access to the Exchange even in the event where their New Logical Ports, which were created only because of an Exchange initiated order entry protocol migration, are not available for use because of an Exchange issue (*e.g.*, through clerical or ministerial error, a TPH's New Logical Port was not created by the Exchange). In such a scenario, the Exchange does not believe it appropriate to assess TPHs logical port fees for Redundant Logical Port fees that are, absent an Exchange issue, not being utilized and instead are being created by TPHs to responsibly ensure they always maintain access to the Exchange.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the "Act") and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of

Section 6(b) of the Act.⁶ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)⁷ requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)⁸ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes it is reasonable to provide a credit of the applicable monthly logical port fees only where a TPH establishes a Redundant Logical Port in connection with Migration. In this circumstance, the TPH is adopting a New Logical Port not as a matter of its own business discretion, but solely because the Exchange has elected to migrate to an updated order entry protocol. The Redundant Logical Port that a TPH maintains during such a transition is therefore directly attributable to an Exchange driven change and exists solely to preserve the TPH's continued access to the Exchange in the event the TPH's New Logical Port, through no fault of the TPH, does not function as intended due to an Exchange Migration issue. By contrast, the Exchange does not believe it would be reasonable or appropriate to extend the credit to a logical port that a TPH establishes in connection with a TPH initiated change, because in that case the additional connection reflects the TPH's own operational preferences and business decisions (*e.g.*, migrating from FIX ports to BOE ports) rather than a transition necessitated by the Exchange. Limiting the credit to a Migration thus appropriately ties the fee credit to the specific circumstance the Program is designed to address, namely, the operational burden placed on TPHs as a direct result of the Exchange's decision to migrate to a new order entry protocol.

The Exchange further believes that the 30-calendar day period during which a TPH may maintain a Redundant Logical Port and remain eligible for the credit is reasonable. A migration to a new order

entry protocol presents operational risk for TPH, and the 30-calendar day overlap period affords TPHs an adequate opportunity to establish, test, and gain confidence in the operation of their New Logical Port before decommissioning the logical port that supported the prior protocol. Permitting this limited period of overlap reduces the risk that a TPH will prematurely cancel a functioning connection and thereby jeopardize its access to the Exchange during a critical transition. At the same time, the Exchange believes 30-calendar days is an appropriately tailored period that is long enough to allow TPHs to develop confidence in the New Logical Port, while ensuring that the credit remains tied to the migration and is not used to subsidize a TPH's maintenance of duplicative connectivity on an indefinite basis. The Exchange also believes that measuring this period in calendar days, rather than business days, promotes clarity and ease of administration for both TPHs and the Exchange as it removes the need to have to account for holidays and weekends.

The Exchange also believes the proposed Program is reasonable because it is designed to alleviate the migration related costs that TPHs would otherwise incur solely as a result of an Exchange initiated order entry protocol migration and to promote TPH confidence throughout the Migration process. Absent the Program, a TPH that responsibly establishes a Redundant Logical Port to preserve its access to the Exchange during a Migration would be assessed the full monthly logical port fee for a connection that, absent an Exchange Migration related issue, it would not otherwise use. By crediting such fees, the Program removes a financial disincentive to maintaining a backup connection and encourages TPHs to take reasonable measures to ensure continuity of access during the transition. The Exchange believes that relieving TPHs of these costs, which arise only because of an Exchange initiated change, supports a more orderly Migration process, reduces operational risk to TPHs and the market, and thereby removes impediments to and perfects the mechanism of a free and open market and a national market system, consistent with Section 6(b)(5) of the Act.

The Exchange also believes the proposed rule change is consistent with Section 6(b)(4) of the Act,⁹ which requires that Exchange rules provide for the equitable allocation of reasonable dues, fees, and other charges among its TPHs and other persons using its

⁶ 15 U.S.C. 78f(b).

⁷ 15 U.S.C. 78f(b)(5).

⁸ *Id.*

⁹ 15 U.S.C. 78f(b)(4).

facilities. The Exchange believes the proposed Program provides for an equitable allocation of reasonable fees because the credit is available to all TPHs on the same terms and is governed by the same objective conditions set forth in (i) through (iv) above. Any TPH that establishes a Redundant Logical Port during an Exchange Migration, and that satisfies those conditions, is eligible for the same credit of the monthly logical port fees that would otherwise be assessed for such Redundant Logical Port. The Exchange believes it is equitable to allocate the cost of a Redundant Logical Port from TPHs in this limited circumstance because the underlying connection is established only in response to an Exchange initiated change and, absent an Exchange Migration related issue, is not used by the TPH to enter orders and quotes into the System.

For substantially the same reasons, the Exchange believes the proposed Program is equitable and not unfairly discriminatory in accordance with Section 6(b)(5) of the Act. The Program applies uniformly to all similarly situated TPHs, as any TPH that establishes a Redundant Logical Port in connection with an Exchange Migration and satisfies conditions (i) through (iv) is eligible for the credit on the same basis, regardless of the type or size of the TPH. The credit is not available on a discretionary or selective basis; rather, it is applied according to the objective, transparent criteria set forth in the proposed rule text, following the Exchange's review of the Redundant Logical Port's order and quote usage and confirmation of the TPH's compliance with those criteria. Because the availability of the credit turns solely on the objective circumstances of an Exchange Migration and the TPH's compliance with uniform conditions, the Exchange believes the proposed Program does not permit unfair discrimination between customers, issuers, brokers, or dealers.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change does not impose any burden on intramarket competition as the Redundant Logical Port credit is available to all TPHs and Members¹⁰ on each of the C2's affiliated exchanges—BYX Exchange, Inc., BZX Exchange, Inc.

EDGA Exchange, Inc., EDGX Exchange, Inc., and Cboe Exchange, Inc., (together with C2, the "Affiliated Exchanges"). Additionally, as noted above, the Redundant Logical Port fee credit is uniformly to all Members and TPHs, across each of the Affiliated Exchanges, on the same terms and under the same objective conditions set forth in (i) through (iv) above. The Program applies uniformly to all similarly situated TPHs and Members, regardless of the type or size of the TPH or Member and is not available on a discretionary or selective basis.

Although the Program relates to logical ports established in connection with an Exchange initiated order entry protocol migration, it does not favor any particular type of market participant because any TPH that establishes a Redundant Logical Port during an Exchange initiated migration and satisfies conditions (i) through (iv) is eligible for the same credit. Accordingly, the Exchange believes the proposed Program is equitable and not unfairly discriminatory.

Furthermore, the proposed rule change does not impose any burden on intermarket competition. The Program is limited to fees and credits for Redundant Logical Ports that TPHs establish solely because of an Exchange initiated order entry protocol migration, and it does not disadvantage other exchanges. To the extent the Program makes C2 more attractive or favorable by reducing migration-related costs and supporting continuity of TPH access to the Exchange, it will help to foster competition among exchanges.

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

The Exchange neither solicited nor received comments on the proposed rule change.

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) of the Act¹¹ and paragraph (f) of Rule 19b-4¹² 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 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-C2-2026-023 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-C2-2026-023. 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-C2-2026-023 and should be submitted on or before September 25, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹³

Sherry R. Haywood,
Assistant Secretary.

[FR Doc. 2026-18112 Filed 9-3-26; 8:45 am]

BILLING CODE 8011-01-P

¹⁰ See definition of "Member," BZX, BYX, EDGX, and EDGA Rules 1.5(n).

¹¹ 15 U.S.C. 78s(b)(3)(A).

¹² 17 CFR 240.19b-4(f).

¹³ 17 CFR 200.30-3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–106251; File No. SR–CboeEDGX–2026–056]

Self-Regulatory Organizations; Cboe EDGX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend its Fee Schedule To Implement an Exchange Order Entry Protocol Migration Program

September 1, 2026.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b–4 thereunder,² notice is hereby given that on August 20, 2026 Cboe EDGX Exchange, Inc. (the “Exchange” or “EDGX”) 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

Cboe EDGX Exchange, Inc. (the “Exchange” or “EDGX Options”) proposes to amend its fee schedule to implement an Exchange Order Entry Protocol Migration Program. The text of the proposed rule change is provided in Exhibit 5.

The text of the proposed rule change is also available on the Commission’s website (<https://www.sec.gov/rules/sro.shtml>), the Exchange’s website (https://www.cboe.com/us/equities/regulation/rule_filings/edgx/), and at the principal office of the Exchange.

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

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

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

1. Purpose

The purpose of the proposed rule change is to introduce the Exchange’s Order Entry Protocol Migration Program (the, “Program”). As described in further detail below, the Program is intended to provide Members,³ subject to certain conditions, fee credits for logical ports that Members establish solely for use as a back-up connection during an Exchange initiated order entry protocol migration; e.g., migrating from BOEv2⁴ logical ports to BOEv3 logical ports.

Specifically, the proposed Program would provide that during an Exchange initiated order entry protocol migration (“Migration”) a Member may establish a logical port to serve solely as a backup connection (“Redundant Logical Port”) during the Member’s migration from a prior logical port protocol to the current logical port protocol (“New Logical Port”). The Redundant Logical Port may only be used for Exchange issues directly related to the Migration that prevent the Member from using their New Logical Port, thereby requiring the Member to instead use their Redundant Logical Port to enter orders and/or quotes into the System.⁵ A Member shall be eligible for a credit of the monthly logical port fee(s) that would otherwise be assessed for such Redundant Logical Port, provided that: (i) the Member notifies the Exchange’s Trade Desk, in a manner specified by the Exchange, that the Redundant Logical Port being established is intended to serve only as a backup connection during a Migration; (ii) the Redundant Logical Port is canceled by the Member within 30 calendar days of the Member designating such logical port as a Redundant Logical Port; (iii) any orders and/or quotes entered by the

Member into the Redundant Logical Port must be due to an Exchange issue directly related to the Migration; and (iv) within 30 days following such cancellation, the Member submits to the Exchange’s Trade Desk a request for a credit of the fees assessed by the Exchange for the Redundant Logical Port.

Following receipt of the credit request, the Exchange will review the Redundant Logical Port’s order and quote usage for the period during which the Redundant Logical Port was designated as such and confirm the Member’s compliance with (i)–(iv), above. If the Member satisfies these requirements the Exchange will apply a credit for the fees assessed for the Redundant Logical Port to the Member’s invoice for the billing cycle following the Exchange’s confirmation.

The Exchange is implementing the Program to credit logical port fees back to Members where their establishment of a Redundant Logical Port was solely for the purpose of creating backup logical ports to be used in the event a Member’s New Logical Port, through no fault of their own, is not available for use, thereby preventing their access to the Exchange. In this regard, by creating Redundant Logical Ports, Members can responsibly ensure that they will maintain access to the Exchange even in the event where their New Logical Ports, which were created only because of an Exchange initiated order entry protocol migration, are not available for use because of an Exchange issue (e.g., through clerical or ministerial error, a Member’s New Logical Port was not created by the Exchange). In such a scenario, the Exchange does not believe it appropriate to assess Members logical port fees for Redundant Logical Port fees that are, absent an Exchange issue, not being utilized and instead are being created by Members to responsibly ensure they always maintain access to the Exchange.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the “Act”) and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.⁶ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)⁷ requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable

³ The term “Member” shall mean any registered broker or dealer that has been admitted to membership in the Exchange. A Member will have the status of a “member” of the Exchange as that term is defined in Section 3(a)(3) of the Act. Membership may be granted to a sole proprietor, partnership, corporation, limited liability company or other organization which is a registered broker or dealer pursuant to Section 15 of the Act, and which has been approved by the Exchange. See Rule 1.5(n).

⁴ The term BOE refers to Cboe Binary Order Entry (“BOE”), which is a proprietary order entry protocol. See “Cboe Titanium U.S. Options BOEv3 Specification,” available at <https://www.cboe.com/document/tech-spec/content/technical-specifications/cboe-titanium-u.s.-options-boev3-specification>.

⁵ See Rule 21.1(a), definition of the term, “System”.

⁶ 15 U.S.C. 78f(b).

⁷ 15 U.S.C. 78f(b)(5).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b–4.

principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)⁸ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the "Act") and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.⁹ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹⁰ requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹¹ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes it is reasonable to provide a credit of the applicable monthly logical port fees only where a Member establishes a Redundant Logical Port in connection with Migration. In this circumstance, the Member is adopting a New Logical Port not as a matter of its own business discretion, but solely because the Exchange has elected to migrate to an updated order entry protocol. The Redundant Logical Port that a Member maintains during such a transition is therefore directly attributable to an Exchange driven change and exists solely to preserve the Member's continued access to the Exchange in the event the Member's New Logical Port, through no fault of the Member, does

not function as intended due to an Exchange Migration issue. By contrast, the Exchange does not believe it would be reasonable or appropriate to extend the credit to a logical port that a Member establishes in connection with a Member initiated change, because in that case the additional connection reflects the Member's own operational preferences and business decisions (e.g., migrating from FIX ports to BOE ports) rather than a transition necessitated by the Exchange. Limiting the credit to a Migration thus appropriately ties the fee credit to the specific circumstance the Program is designed to address, namely, the operational burden placed on Members as a direct result of the Exchange's decision to migrate to a new order entry protocol.

The Exchange further believes that the 30-calendar day period during which a Member may maintain a Redundant Logical Port and remain eligible for the credit is reasonable. A migration to a new order entry protocol presents operational risk for Members, and the 30-calendar day overlap period affords Members an adequate opportunity to establish, test, and gain confidence in the operation of their New Logical Port before decommissioning the logical port that supported the prior protocol. Permitting this limited period of overlap reduces the risk that a Member will prematurely cancel a functioning connection and thereby jeopardize its access to the Exchange during a critical transition. At the same time, the Exchange believes 30-calendar days is an appropriately tailored period that is long enough to allow Members to develop confidence in the New Logical Port, while ensuring that the credit remains tied to the migration and is not used to subsidize a Member's maintenance of duplicative connectivity on an indefinite basis. The Exchange also believes that measuring this period in calendar days, rather than business days, promotes clarity and ease of administration for both Members and the Exchange as it removes the need to have to account for holidays and weekends.

The Exchange also believes the proposed Program is reasonable because it is designed to alleviate the migration related costs that Members would otherwise incur solely as a result of an Exchange initiated order entry protocol migration and to promote Member confidence throughout the Migration process. Absent the Program, a Member that responsibly establishes a Redundant Logical Port to preserve its access to the Exchange during a Migration would be assessed the full monthly logical port fee for a

connection that, absent an Exchange Migration related issue, it would not otherwise use. By crediting such fees, the Program removes a financial disincentive to maintaining a backup connection and encourages Members to take reasonable measures to ensure continuity of access during the transition. The Exchange believes that relieving Members of these costs, which arise only because of an Exchange initiated change, supports a more orderly Migration process, reduces operational risk to Members and the market, and thereby removes impediments to and perfects the mechanism of a free and open market and a national market system, consistent with Section 6(b)(5) of the Act.

The Exchange also believes the proposed rule change is consistent with Section 6(b)(4) of the Act,¹² which requires that Exchange rules provide for the equitable allocation of reasonable dues, fees, and other charges among its Members and other persons using its facilities. The Exchange believes the proposed Program provides for an equitable allocation of reasonable fees because the credit is available to all Members on the same terms and is governed by the same objective conditions set forth in (i) through (iv) above. Any Member that establishes a Redundant Logical Port during an Exchange Migration, and that satisfies those conditions, is eligible for the same credit of the monthly logical port fees that would otherwise be assessed for such Redundant Logical Port. The Exchange believes it is equitable to allocate the cost of a Redundant Logical Port from Members in this limited circumstance because the underlying connection is established only in response to an Exchange initiated change and, absent an Exchange Migration related issue, is not used by the Member to enter orders and quotes into the System.

For substantially the same reasons, the Exchange believes the proposed Program is equitable and not unfairly discriminatory in accordance with Section 6(b)(5) of the Act. The Program applies uniformly to all similarly situated Members, as any Member that establishes a Redundant Logical Port in connection with an Exchange Migration and satisfies conditions (i) through (iv) is eligible for the credit on the same basis, regardless of the type or size of the Member. The credit is not available on a discretionary or selective basis; rather, it is applied according to the objective, transparent criteria set forth in the proposed rule text, following the

⁸ *Id.*

⁹ 15 U.S.C. 78f(b).

¹⁰ 15 U.S.C. 78f(b)(5).

¹¹ *Id.*

¹² 15 U.S.C. 78f(b)(4).

Exchange's review of the Redundant Logical Port's order and quote usage and confirmation of the Member's compliance with those criteria. Because the availability of the credit turns solely on the objective circumstances of an Exchange Migration and the Member's compliance with uniform conditions, the Exchange believes the proposed Program does not permit unfair discrimination between customers, issuers, brokers, or dealers.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change does not impose any burden on intramarket competition as the Redundant Logical Port credit is available to all Members and Trading Permit Holders ("TPHs")¹³ on each of the EDGX Option's affiliated exchanges—BYX Exchange, Incorporated, BZX Exchange, Inc., EDGA Exchange, Inc., Cboe Exchange, Inc., and C2 Exchange, Inc. (together with EDGX Options, the "Affiliated Exchanges"). Additionally, as noted above, the Redundant Logical Port fee credit is uniformly applied to all Members and TPHs, across each of the Affiliated Exchanges, on the same terms and under the same objective conditions set forth in (i) through (iv) above. The Program applies uniformly to all similarly situated Members and TPHs, regardless of the type or size of the TPH or Member, and is not available on a discretionary or selective basis.

Although the Program relates to logical ports established in connection with an Exchange initiated order entry protocol migration, it does not favor any particular type of market participant because any Member that establishes a Redundant Logical Port during an

Exchange initiated migration and satisfies conditions (i) through (iv) is eligible for the same credit. Accordingly, the Exchange believes the proposed Program is equitable and not unfairly discriminatory.

Furthermore, the proposed rule change does not impose any burden on intermarket competition. The Program is limited to fees and credits for Redundant Logical Ports that Members establish solely because of an Exchange initiated order entry protocol migration, and it does not disadvantage other exchanges. To the extent the Program makes EDGX Options more attractive or favorable by reducing migration-related costs and supporting continuity of Member access to the Exchange, it will help to foster competition among exchanges.

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

The Exchange neither solicited nor received comments on the proposed rule change.

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) of the Act¹⁴ and paragraph (f) of Rule 19b-4¹⁵ 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 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-

CboeEDGX-2026-056 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-CboeEDGX-2026-056. 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-CboeEDGX-2026-056 and should be submitted on or before September 25, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁶

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2026-18109 Filed 9-3-26; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-106252; File No. SR-CboeBZX-2026-069]

Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend its Fee Schedule To Implement an Exchange Order Entry Protocol Migration Program

September 1, 2026.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² notice is hereby given that on August 20, 2026 Cboe BZX Exchange, Inc. (the "Exchange" or "BZX") 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

¹³ The terms "Trading Permit Holder" and "TPH" have the meaning set forth in the Bylaws." See Cboe Exchange, Inc., Rule 1.1 Definitions; see also Bylaws of the Cboe Exchange, Inc., Section 1.1 Definitions, "The term "Trading Permit Holder" means any individual, corporation, partnership, limited liability company or other entity authorized by the Rules that holds a Trading Permit. If a Trading Permit Holder is an individual, the Trading Permit Holder may also be referred to as an "individual Trading Permit Holder." If a Trading Permit Holder is not an individual, the Trading Permit Holder may also be referred to as a "TPH organization." A Trading Permit Holder is a "member" solely for purposes of the Act; however, one's status as a Trading Permit Holder does not confer on that Person any ownership interest in the Exchange; see also Rule 1.1 of the C2 Exchange, Inc. "The terms "Trading Permit Holder" or "TPH" mean an Exchange-recognized holder of a Trading Permit. A Trading Permit Holder is deemed a "member" under the Exchange Act."

¹⁴ 15 U.S.C. 78s(b)(3)(A).

¹⁵ 17 CFR 240.19b-4(f).

¹⁶ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

Cboe BZX Exchange, Inc. (the "Exchange" or "BZX Options") proposes to amend its fee schedule to implement an Exchange Order Entry Protocol Migration Program. The text of the proposed rule change is provided in Exhibit 5.

The text of the proposed rule change is also available on the Commission's website (<https://www.sec.gov/rules/sro.shtml>), the Exchange's website (https://www.cboe.com/us/equities/regulation/rule_filings/bzx/), and at the principal office of the Exchange.

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

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

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

1. Purpose

The purpose of the proposed rule change is to introduce the Exchange's Order Entry Protocol Migration Program (the, "Program"). As described in further detail below, the Program is intended to provide Members,³ subject to certain conditions, fee credits for logical ports that Members establish solely for use as a back-up connection during an Exchange initiated order entry protocol migration; *e.g.*, migrating from

BOEv2⁴ logical ports to BOEv3 logical ports.

Specifically, the proposed Program would provide that during an Exchange initiated order entry protocol migration ("Migration") a Member may establish a logical port to serve solely as a backup connection ("Redundant Logical Port") during the Member's migration from a prior logical port protocol to the current logical port protocol ("New Logical Port"). The Redundant Logical Port may only be used for Exchange issues directly related to the Migration that prevent the Member from using their New Logical Port, thereby requiring the Member to instead use their Redundant Logical Port to enter orders and/or quotes into the System.⁵ A Member shall be eligible for a credit of the monthly logical port fee(s) that would otherwise be assessed for such Redundant Logical Port, provided that: (i) the Member notifies the Exchange's Trade Desk, in a manner specified by the Exchange, that the Redundant Logical Port being established is intended to serve only as a backup connection during a Migration; (ii) the Redundant Logical Port is canceled by the Member within 30 calendar days of the Member designating such logical port as a Redundant Logical Port; (iii) any orders and/or quotes entered by the Member into the Redundant Logical Port must be due to an Exchange issue directly related to the Migration; and (iv) within 30 days following such cancellation, the Member submits to the Exchange's Trade Desk a request for a credit of the fees assessed by the Exchange for the Redundant Logical Port.

Following receipt of the credit request, the Exchange will review the Redundant Logical Port's order and quote usage for the period during which the Redundant Logical Port was designated as such and confirm the Member's compliance with (i)–(iv), above. If the Member satisfies these requirements the Exchange will apply a credit for the fees assessed for the Redundant Logical Port to the Member's invoice for the billing cycle following the Exchange's confirmation.

The Exchange is implementing the Program to credit logical port fees back to Members where their establishment of a Redundant Logical Port was solely for the purpose of creating backup

logical ports to be used in the event a Member's New Logical Port, through no fault of their own, is not available for use, thereby preventing their access to the Exchange. In this regard, by creating Redundant Logical Ports, Members can responsibly ensure that they will maintain access to the Exchange even in the event where their New Logical Ports, which were created only because of an *Exchange* initiated order entry protocol migration, are not available for use because of an Exchange issue (*e.g.*, through clerical or ministerial error, a Member's New Logical Port was not created by the Exchange). In such a scenario, the Exchange does not believe it appropriate to assess Members logical port fees for Redundant Logical Port fees that are, absent an Exchange issue, not being utilized and instead are being created by Members to responsibly ensure they always maintain access to the Exchange.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the "Act") and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.⁶ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)⁷ requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)⁸ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes it is reasonable to provide a credit of the applicable monthly logical port fees only where a Member establishes a Redundant Logical Port in connection with Migration. In this circumstance, the Member is adopting a New Logical Port not as a matter of its own business discretion, but solely because the Exchange has elected to migrate to an

³ The term "Member" shall mean any registered broker or dealer that has been admitted to membership in the Exchange. A Member will have the status of a "member" of the Exchange as that term is defined in Section 3(a)(3) of the Act. Membership may be granted to a sole proprietor, partnership, corporation, limited liability company or other organization which is a registered broker or dealer pursuant to Section 15 of the Act, and which has been approved by the Exchange. See Rule 1.5(n).

⁴ The term BOE refers to Cboe Binary Order Entry ("BOE"), which is a proprietary order entry protocol. See "Cboe Titanium U.S. Options BOEv3 Specification," available at <https://www.cboe.com/document/tech-spec/content/technical-specifications/cboe-titanium-u.s.-options-boev3-specification>.

⁵ See rule 21.1(a), definition of "System."

⁶ 15 U.S.C. 78f(b).

⁷ 15 U.S.C. 78f(b)(5).

⁸ *Id.*

updated order entry protocol. The Redundant Logical Port that a Member maintains during such a transition is therefore directly attributable to an Exchange driven change and exists solely to preserve the Member's continued access to the Exchange in the event the Member's New Logical Port, through no fault of the Member, does not function as intended due to an Exchange Migration issue. By contrast, the Exchange does not believe it would be reasonable or appropriate to extend the credit to a logical port that a Member establishes in connection with a Member initiated change, because in that case the additional connection reflects the Member's own operational preferences and business decisions (*e.g.*, migrating from FIX ports to BOE ports) rather than a transition necessitated by the Exchange. Limiting the credit to a Migration thus appropriately ties the fee credit to the specific circumstance the Program is designed to address, namely, the operational burden placed on Members as a direct result of the Exchange's decision to migrate to a new order entry protocol.

The Exchange further believes that the 30-calendar day period during which a Member may maintain a Redundant Logical Port and remain eligible for the credit is reasonable. A migration to a new order entry protocol presents operational risk for Members, and the 30-calendar day overlap period affords Members an adequate opportunity to establish, test, and gain confidence in the operation of their New Logical Port before decommissioning the logical port that supported the prior protocol. Permitting this limited period of overlap reduces the risk that a Member will prematurely cancel a functioning connection and thereby jeopardize its access to the Exchange during a critical transition. At the same time, the Exchange believes 30-calendar days is an appropriately tailored period that is long enough to allow Members to develop confidence in the New Logical Port, while ensuring that the credit remains tied to the migration and is not used to subsidize a Member's maintenance of duplicative connectivity on an indefinite basis. The Exchange also believes that measuring this period in calendar days, rather than business days, promotes clarity and ease of administration for both Members and the Exchange as it removes the need to have to account for holidays and weekends.

The Exchange also believes the proposed Program is reasonable because it is designed to alleviate the migration related costs that Members would otherwise incur solely as a result of an

Exchange initiated order entry protocol migration and to promote Member confidence throughout the Migration process. Absent the Program, a Member that responsibly establishes a Redundant Logical Port to preserve its access to the Exchange during a Migration would be assessed the full monthly logical port fee for a connection that, absent an Exchange Migration related issue, it would not otherwise use. By crediting such fees, the Program removes a financial disincentive to maintaining a backup connection and encourages Members to take reasonable measures to ensure continuity of access during the transition. The Exchange believes that relieving Members of these costs, which arise only because of an Exchange initiated change, supports a more orderly Migration process, reduces operational risk to Members and the market, and thereby removes impediments to and perfects the mechanism of a free and open market and a national market system, consistent with Section 6(b)(5) of the Act.

The Exchange also believes the proposed rule change is consistent with Section 6(b)(4) of the Act,⁹ which requires that Exchange rules provide for the equitable allocation of reasonable dues, fees, and other charges among its Members and other persons using its facilities. The Exchange believes the proposed Program provides for an equitable allocation of reasonable fees because the credit is available to all Members on the same terms and is governed by the same objective conditions set forth in (i) through (iv) above. Any Member that establishes a Redundant Logical Port during an Exchange Migration, and that satisfies those conditions, is eligible for the same credit of the monthly logical port fees that would otherwise be assessed for such Redundant Logical Port. The Exchange believes it is equitable to allocate the cost of a Redundant Logical Port from Members in this limited circumstance because the underlying connection is established only in response to an Exchange initiated change and, absent an Exchange Migration related issue, is not used by the Member to enter orders and quotes into the System.

For substantially the same reasons, the Exchange believes the proposed Program is equitable and not unfairly discriminatory in accordance with Section 6(b)(5) of the Act. The Program applies uniformly to all similarly situated Members, as any Member that establishes a Redundant Logical Port in

connection with an Exchange Migration and satisfies conditions (i) through (iv) is eligible for the credit on the same basis, regardless of the type or size of the Member. The credit is not available on a discretionary or selective basis; rather, it is applied according to the objective, transparent criteria set forth in the proposed rule text, following the Exchange's review of the Redundant Logical Port's order and quote usage and confirmation of the Member's compliance with those criteria. Because the availability of the credit turns solely on the objective circumstances of an Exchange Migration and the Member's compliance with uniform conditions, the Exchange believes the proposed Program does not permit unfair discrimination between customers, issuers, brokers, or dealers.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change does not impose any burden on intramarket competition as the Redundant Logical Port credit is available to all Members and Trading Permit Holders ("TPHs")¹⁰ on each of the BZX's affiliated exchanges—BYX Exchange, Incorporated, EDGA Exchange, Inc., EDGX Exchange, Inc., Cboe Exchange, Inc., and C2 Exchange, Inc. (together with BZX Options, the "Affiliated Exchanges"). Additionally, as noted above, the Redundant Logical Port fee credit is uniformly to all Members and TPHs, across each of the Affiliated Exchanges, on the same terms and under the same objective conditions set forth in (i) through (iv) above. The Program applies uniformly to all similarly situated Members and TPHs, regardless of the type or size of the

¹⁰ The terms "Trading Permit Holder" and "TPH" have the meaning set forth in the Bylaws." See Cboe Exchange, Inc., Rule 1.1 Definitions; *see also* Bylaws of the Cboe Exchange, Inc., Section 1.1 Definitions, "The term "Trading Permit Holder" means any individual, corporation, partnership, limited liability company or other entity authorized by the Rules that holds a Trading Permit. If a Trading Permit Holder is an individual, the Trading Permit Holder may also be referred to as an "individual Trading Permit Holder." If a Trading Permit Holder is not an individual, the Trading Permit Holder may also be referred to as a "TPH organization." A Trading Permit Holder is a "member" solely for purposes of the Act; however, one's status as a Trading Permit Holder does not confer on that Person any ownership interest in the Exchange; *see also* Rule 1.1 of the C2 Exchange, Inc., "The terms "Trading Permit Holder" or "TPH" mean an Exchange-recognized holder of a Trading Permit. A Trading Permit Holder is deemed a "member" under the Exchange Act."

⁹ 15 U.S.C. 78f(b)(4).

Member or TPH, and is not available on a discretionary or selective basis.

Although the Program relates to logical ports established in connection with an Exchange initiated order entry protocol migration, it does not favor any particular type of market participant because any TPH that establishes a Redundant Logical Port during an Exchange initiated migration and satisfies conditions (i) through (iv) is eligible for the same credit. Accordingly, the Exchange believes the proposed Program is equitable and not unfairly discriminatory.

Furthermore, the proposed rule change does not impose any burden on intermarket competition. The Program is limited to fees and credits for Redundant Logical Ports that TPHs establish solely because of an Exchange initiated order entry protocol migration, and it does not disadvantage other exchanges. To the extent the Program makes BZX Options more attractive or favorable by reducing migration-related costs and supporting continuity of TPH access to the Exchange, it will help to foster competition among exchanges.

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

The Exchange neither solicited nor received comments on the proposed rule change.

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) of the Act¹¹ and paragraph (f) of Rule 19b-4¹² 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 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-CboeBZX-2026-069 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-CboeBZX-2026-069. 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-CboeBZX-2026-069 and should be submitted on or before September 25, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹³

Sherry R. Haywood,
Assistant Secretary.

[FR Doc. 2026-18110 Filed 9-3-26; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-106255; File No. SR-CBOE-2026-075]

Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend its Fee Schedule To Implement an Exchange Order Entry Protocol Migration Program

September 1, 2026.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,²

notice is hereby given that on August 20, 2026, Cboe Exchange, Inc. (the "Exchange" or "Cboe Options") 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

Cboe Exchange, Inc. (the "Exchange" or "Cboe Options") proposes to amend its fee schedule to implement an Exchange Order Entry Protocol Migration Program. The text of the proposed rule change is provided in Exhibit 5.

The text of the proposed rule change is also available on the Commission's website (<https://www.sec.gov/rules/sro.shtml>), the Exchange's website (https://www.cboe.com/us/options/regulation/rule_filings/cone/), and at the principal office of the Exchange.

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

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

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

1. Purpose

The purpose of the proposed rule change is to introduce the Exchange's Order Entry Protocol Migration Program (the, "Program"). As described in further detail below, the Program is intended to provide Trading Permit Holders ("TPHs"),³ subject to certain

³ The terms "Trading Permit Holder" and "TPH" have the meaning set forth in the Bylaws." See Cboe Exchange, Inc., Rule 1.1 Definitions; see also Bylaws of the Cboe Exchange, Inc., Section 1.1 Definitions. "The term "Trading Permit Holder" means any individual, corporation, partnership, limited liability company or other entity authorized by the Rules that holds a Trading Permit. If a

¹¹ 15 U.S.C. 78s(b)(3)(A).

¹² 17 CFR 240.19b-4(f).

¹³ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

conditions, fee credits for logical ports that TPHs establish solely for use as a back-up connection during an Exchange initiated order entry protocol migration; e.g., migrating from BOEv2⁴ logical ports to BOEv3 logical ports.

Specifically, the proposed Program would provide that during an Exchange initiated order entry protocol migration (“Migration”) a TPH may establish a logical port to serve solely as a backup connection (“Redundant Logical Port”) during the TPH’s migration from a prior logical port protocol to the current logical port protocol (“New Logical Port”). The Redundant Logical Port may only be used for Exchange issues directly related to the Migration that prevent the TPH from using their New Logical Port, thereby requiring the TPH to instead use their Redundant Logical Port to enter orders and/or quotes into the System.⁵ A TPH shall be eligible for a credit of the monthly logical port fee(s) that would otherwise be assessed for such Redundant Logical Port, provided that: (i) the TPH notifies the Exchange’s Trade Desk, in a manner specified by the Exchange, that the Redundant Logical Port being established is intended to serve only as a backup connection during a Migration; (ii) the Redundant Logical Port is canceled by the TPH within 30 calendar days of the TPH designating such logical port as a Redundant Logical Port; (iii) any orders and/or quotes entered by the TPH into the Redundant Logical Port must be due to an Exchange issue directly related to the Migration; and (iv) within 30 days following such cancellation, the TPH submits to the Exchange’s Trade Desk a request for a credit of the fees assessed by the Exchange for the Redundant Logical Port.

Following receipt of the credit request, the Exchange will review the Redundant Logical Port’s order and quote usage for the period during which the Redundant Logical Port was

designated as such and confirm the TPH’s compliance with (i)–(iv), above. If the TPH satisfies these requirements the Exchange will apply a credit for the fees assessed for the Redundant Logical Port to the TPH’s invoice for the billing cycle following the Exchange’s confirmation.

The Exchange is implementing the Program to credit logical port fees back to TPHs where their establishment of a Redundant Logical Port was solely for the purpose of creating backup logical ports to be used in the event a TPH’s New Logical Port, through no fault of their own, is not available for use, thereby preventing their access to the Exchange. In this regard, by creating Redundant Logical Ports, TPHs can responsibly ensure that they will maintain access to the Exchange even in the event where their New Logical Ports, which were created only because of an Exchange initiated order entry protocol migration, are not available for use because of an Exchange issue (e.g., through clerical or ministerial error, a TPH’s New Logical Port was not created by the Exchange). In such a scenario, the Exchange does not believe it appropriate to assess TPHs logical port fees for Redundant Logical Port fees that are, absent an Exchange issue, not being utilized and instead are being created by TPHs to responsibly ensure they always maintain access to the Exchange.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the “Act”) and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.⁶ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)⁷ requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)⁸ requirement that the rules of an exchange not be designed

to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the “Act”) and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.⁹ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹⁰ requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹¹ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes it is reasonable to provide a credit of the applicable monthly logical port fees only where a TPH establishes a Redundant Logical Port in connection with Migration. In this circumstance, the TPH is adopting a New Logical Port not as a matter of its own business discretion, but solely because the Exchange has elected to migrate to an updated order entry protocol. The Redundant Logical Port that a TPH maintains during such a transition is therefore directly attributable to an Exchange driven change and exists solely to preserve the TPH’s continued access to the Exchange in the event the TPH’s New Logical Port, through no fault of the TPH, does not function as intended due to an Exchange Migration issue. By contrast, the Exchange does not believe it would be reasonable or appropriate to extend the credit to a logical port that a TPH establishes in connection with a TPH initiated change, because in that case the additional connection reflects the TPH’s own operational preferences and business decisions (e.g., migrating from FIX ports to BOE ports) rather than a transition necessitated by the Exchange. Limiting the credit to a Migration thus appropriately ties the fee credit to the specific circumstance the Program is designed to address, namely, the

Trading Permit Holder is an individual, the Trading Permit Holder may also be referred to as an “individual Trading Permit Holder.” If a Trading Permit Holder is not an individual, the Trading Permit Holder may also be referred to as a “TPH organization.” A Trading Permit Holder is a “member” solely for purposes of the Act; however, one’s status as a Trading Permit Holder does not confer on that Person any ownership interest in the Exchange.

⁴ The term BOE refers to Cboe Binary Order Entry (“BOE”), which is a proprietary order entry protocol. See “Cboe Titanium U.S. Options BOEv3 Specification,” available at <https://www.cboe.com/document/tech-spec/content/technical-specifications/cboe-titanium-u.s.-options-boev3-specification>.

⁵ The term “System” means the automated trading system the Exchange uses for the trading of option contracts. See Rule 1.1.

⁶ 15 U.S.C. 78f(b).

⁷ 15 U.S.C. 78f(b)(5).

⁸ *Id.*

⁹ 15 U.S.C. 78f(b).

¹⁰ 15 U.S.C. 78f(b)(5).

¹¹ *Id.*

operational burden placed on TPHs as a direct result of the Exchange's decision to migrate to a new order entry protocol.

The Exchange further believes that the 30-calendar day period during which a TPH may maintain a Redundant Logical Port and remain eligible for the credit is reasonable. A migration to a new order entry protocol presents operational risk for TPH, and the 30-calendar day overlap period affords TPHs an adequate opportunity to establish, test, and gain confidence in the operation of their New Logical Port before decommissioning the logical port that supported the prior protocol. Permitting this limited period of overlap reduces the risk that a TPH will prematurely cancel a functioning connection and thereby jeopardize its access to the Exchange during a critical transition. At the same time, the Exchange believes 30-calendar days is an appropriately tailored period that is long enough to allow TPHs to develop confidence in the New Logical Port, while ensuring that the credit remains tied to the migration and is not used to subsidize a TPH's maintenance of duplicative connectivity on an indefinite basis. The Exchange also believes that measuring this period in calendar days, rather than business days, promotes clarity and ease of administration for both TPHs and the Exchange as it removes the need to have to account for holidays and weekends.

The Exchange also believes the proposed Program is reasonable because it is designed to alleviate the migration related costs that TPHs would otherwise incur solely as a result of an Exchange initiated order entry protocol migration and to promote TPH confidence throughout the Migration process. Absent the Program, a TPH that responsibly establishes a Redundant Logical Port to preserve its access to the Exchange during a Migration would be assessed the full monthly logical port fee for a connection that, absent an Exchange Migration related issue, it would not otherwise use. By crediting such fees, the Program removes a financial disincentive to maintaining a backup connection and encourages TPHs to take reasonable measures to ensure continuity of access during the transition. The Exchange believes that relieving TPHs of these costs, which arise only because of an Exchange initiated change, supports a more orderly Migration process, reduces operational risk to TPHs and the market, and thereby removes impediments to and perfects the mechanism of a free and open market and a national market system, consistent with Section 6(b)(5) of the Act.

The Exchange also believes the proposed rule change is consistent with Section 6(b)(4) of the Act,¹² which requires that Exchange rules provide for the equitable allocation of reasonable dues, fees, and other charges among its TPHs and other persons using its facilities. The Exchange believes the proposed Program provides for an equitable allocation of reasonable fees because the credit is available to all TPHs on the same terms and is governed by the same objective conditions set forth in (i) through (iv) above. Any TPH that establishes a Redundant Logical Port during an Exchange Migration, and that satisfies those conditions, is eligible for the same credit of the monthly logical port fees that would otherwise be assessed for such Redundant Logical Port. The Exchange believes it is equitable to allocate the cost of a Redundant Logical Port from TPHs in this limited circumstance because the underlying connection is established only in response to an Exchange initiated change and, absent an Exchange Migration related issue, is not used by the TPH to enter orders and quotes into the System.

For substantially the same reasons, the Exchange believes the proposed Program is equitable and not unfairly discriminatory in accordance with Section 6(b)(5) of the Act. The Program applies uniformly to all similarly situated TPHs, as any TPH that establishes a Redundant Logical Port in connection with an Exchange Migration and satisfies conditions (i) through (iv) is eligible for the credit on the same basis, regardless of the type or size of the TPH. The credit is not available on a discretionary or selective basis; rather, it is applied according to the objective, transparent criteria set forth in the proposed rule text, following the Exchange's review of the Redundant Logical Port's order and quote usage and confirmation of the TPH's compliance with those criteria. Because the availability of the credit turns solely on the objective circumstances of an Exchange Migration and the TPH's compliance with uniform conditions, the Exchange believes the proposed Program does not permit unfair discrimination between customers, issuers, brokers, or dealers.

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

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

proposed rule change does not impose any burden on intramarket competition as the Redundant Logical Port credit is available to all TPHs and Members¹³ on each of the Exchange's affiliated exchanges—BYX Exchange, Inc., BZX Exchange, Inc. EDGA Exchange, Inc., EDGX Exchange, Inc., and Cboe C2 Exchange, Inc., (together with Cboe Options, the "Affiliated Exchanges"). Additionally, as noted above, the Redundant Logical Port fee credit is uniformly to all Members and TPHs, across each of the Affiliated Exchanges, on the same terms and under the same objective conditions set forth in (i) through (iv) above. The Program applies uniformly to all similarly situated TPHs and Members, regardless of the type or size of the TPH or Member and is not available on a discretionary or selective basis.

Although the Program relates to logical ports established in connection with an Exchange initiated order entry protocol migration, it does not favor any particular type of market participant because any TPH that establishes a Redundant Logical Port during an Exchange initiated migration and satisfies conditions (i) through (iv) is eligible for the same credit. Accordingly, the Exchange believes the proposed Program is equitable and not unfairly discriminatory.

Furthermore, the proposed rule change does not impose any burden on intermarket competition. The Program is limited to fees and credits for Redundant Logical Ports that TPHs establish solely because of an Exchange initiated order entry protocol migration, and it does not disadvantage other exchanges. To the extent the Program makes the Exchange more attractive or favorable by reducing migration-related costs and supporting continuity of TPH access to the Exchange, it will help to foster competition among exchanges.

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

The Exchange neither solicited nor received comments on the proposed rule change.

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) of the Act¹⁴ and paragraph (f) of Rule

¹³ See definition of "Member," BZX, BYX, EDGX, and EDGA Rules 1.5(n).

¹⁴ 15 U.S.C. 78s(b)(3)(A).

¹² 15 U.S.C. 78f(b)(4).

19b-4¹⁵ 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 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-CBOE-2026-075 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-CBOE-2026-075. 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-CBOE-2026-075 and should be submitted on or before September 25, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁶

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2026-18111 Filed 9-3-26; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-106257; File No. SR-NASDAQ-2026-072]

Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Rule 9558 of Nasdaq's Disciplinary Code

September 1, 2026.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on August 31, 2026, The Nasdaq Stock Market LLC ("Nasdaq" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to amend Rule 9558 of Nasdaq's disciplinary code, which governs summary proceedings authorized by Section 6(d)(3) of the Act. Specifically, Nasdaq proposes making a technical correction to Rule 9558 to permit Nasdaq Regulation Department staff to issue a written notice initiating summary proceedings. Currently, Rule 9558 permits only Financial Industry Regulatory Authority ("FINRA") staff to issue a written notice initiating summary proceedings. The issuance, whether by Nasdaq Regulation Department staff or FINRA staff, on a case-by-case basis of a written notice initiating summary proceedings would continue to require written authorization from Nasdaq's Chief Regulatory Officer (as defined in Nasdaq's Rule 9000 Series), and the circumstances in which Nasdaq could initiate summary proceedings would

remain unchanged, as described in greater detail below.

Nasdaq's proposed rule change aligns with the rules of other self-regulatory organizations, including New York Stock Exchange, LLC ("NYSE") Rule 9558, which specifically provides in relevant part that NYSE staff may issue a written notice initiating summary proceedings. Nasdaq's proposed rule change is immediately effective.

The text of the proposed rule change is available on the Exchange's website at <https://listingcenter.nasdaq.com/rulebook/nasdaq/rulefilings>, and at the principal office of the Exchange.

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

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

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

1. Purpose

Rule 9558 of Nasdaq's disciplinary code governs summary proceedings for actions authorized under Section 6(d)(3) of the Act. Under current Rule 9558(a), Nasdaq's Chief Regulatory Officer may provide "FINRA staff" with written authorization to issue on a case-by-case basis a written notice initiating summary proceedings in specified circumstances (described in greater detail below). However, current Rule 9558(a) does not permit Nasdaq's Chief Regulatory Officer to authorize Nasdaq Regulation Department staff to issue a written notice initiating summary proceedings. As described in greater detail below, Nasdaq proposes to amend Rule 9558(a) so that Nasdaq's Chief Regulatory Officer may authorize either Nasdaq Regulation Department staff or FINRA staff to issue on a case-by-case basis a written notice initiating summary proceedings. Under proposed revised Rule 9558(a), issuance of a written notice initiating summary proceedings would continue to require written authorization from Nasdaq's Chief Regulatory Officer, regardless of whether Nasdaq Regulation Department

¹⁶ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

¹⁵ 17 CFR 240.19b-4(f).

staff or FINRA staff issues the written notice initiating summary proceedings.

Summary proceedings often involve time-sensitive matters that require prompt resolution, for example, expeditiously suspending a member in such financial or operating difficulty that the member's continued business on the Exchange jeopardizes the safety of investors, creditors, other Exchange members, or the Exchange itself.³ When Nasdaq's Chief Regulatory Officer authorizes the initiation of summary proceedings on a case-by-case basis, current Rule 9558(a) requires that Nasdaq coordinate with a third party (FINRA) to issue the written notice initiating summary proceedings.⁴ Nasdaq believes that permitting Nasdaq Regulation Department staff to exercise the same authority to issue a written notice initiating summary proceedings will help avoid potential unnecessary delays in those instances where Nasdaq's Chief Regulatory Officer authorizes a summary proceeding.

This proposal is modeled after, and substantially similar to, NYSE Rule 9558. In particular, NYSE Rule 9558(a) provides in relevant part that NYSE staff may issue a written notice initiating summary proceedings.

i. Background on Current Rule 9558

Under current Rule 9558(a), Nasdaq's Chief Regulatory Officer "may provide written authorization to FINRA staff to issue on a case-by-case basis a written notice that summarily:

(1) suspends a member, person associated with a member or person subject to Nasdaq's jurisdiction who has been and is expelled or suspended from any self-regulatory organization or barred or suspended from being associated with a member of any self-regulatory organization;

(2) suspends a member who is in such financial or operating difficulty that Association staff determines and so notifies the Commission that the member cannot be permitted to continue to do business as a member with safety to investors, creditors, other members, or Nasdaq; or

(3) limits or prohibits any person with respect to access to services offered by Nasdaq if paragraphs (1) or (2) of this Rule or the provisions of Section 6(d)(3) of the Act applies to such person or, in the case of a person who is not a member, if the Chief Regulatory Officer

of Nasdaq determines that such person does not meet the qualification requirements or other prerequisites for such access and such person cannot be permitted to continue to have access with safety to investors, creditors, members, or Nasdaq, and so notifies the Commission."

Under Rule 9120(c), "Chief Regulatory Officer" means the "Chief Regulatory Officer of Nasdaq, or his or her delegatee, who shall be a person who reports to the Chief Regulatory Officer of Nasdaq."⁵

Current Rule 9558(b), the numbering and text of which remains unchanged, governs service of a notice issued under Rule 9558. In general, Rule 9558(b) provides in relevant part that either Nasdaq Regulation Department staff or FINRA (acting on behalf of Nasdaq) shall serve a member or person⁶ subject to a written notice under Rule 9558 by facsimile,⁷ email, overnight courier, or personal delivery. Rule 9558(b) provides that the method of service must comport with the requirements of Rule 9134, which governs procedures for service.

Current Rule 9558(c), the numbering and text of which remains unchanged, governs the contents of a notice issued under Rule 9558. Current Rule 9558(c) provides in relevant part that a notice issued under Rule 9558 shall "state the specific grounds and include the factual basis for the Nasdaq action." Under current Rule 9558(c), the notice must state that the respondent may file a written request for a hearing with FINRA's Office of Hearing Officers. Also, under current Rule 9558(c), the notice must inform the respondent of the deadline to request a hearing and must state that a hearing request "must set forth with specificity any and all defenses to the Nasdaq action." Additionally, current Rule 9558(c) provides that the notice must explain that, "pursuant to Rules 8310(a) and 9559(n), a Hearing Officer⁸ or, if

⁵ Rule 9110(c) incorporates by reference into the Rule 9000 Series the definitions in Nasdaq General 1(b) and Rule 9120. Rule 9558 is part of the Rule 9000 Series.

⁶ If counsel or another person authorized under Rule 9141 represents the member or person, Rule 9558(b) provides for service on the counsel or authorized person if the counsel or authorized person agrees to accept service for the member or person.

⁷ In contrast, NYSE Rule 9558(b) does not provide for service by facsimile.

⁸ Under Rule 9120(p), "'Hearing Officer' means an attorney who is appointed by the Chief Hearing Officer to act in an adjudicative role and fulfill various adjudicative responsibilities and duties described in the Rule 9200 Series regarding disciplinary proceedings, the Rule 9550 Series regarding expedited proceedings, and the Rule 9800 Series regarding temporary cease and desist proceedings brought against members and

applicable, Hearing Panel,⁹ may approve, modify or withdraw any and all sanctions or limitations imposed by the notice, and may impose any other fitting sanction."

Current Rule 9558(d), the numbering and text of which remains unchanged, provides that a limitation, prohibition or suspension referenced in a notice issued and served under Rule 9558 takes effect immediately. Under Rule 9558(d), the limitation, prohibition or suspension remains in effect unless, after a timely request for a hearing and written request for a stay, the Chief Hearing Officer¹⁰ or Hearing Officer assigned to the matter finds good cause to stay the limitation, prohibition or suspension.

Current Rule 9558(e), the numbering and text of which remains unchanged, provides that a member or person subject to a notice issued under Rule 9558 may file with FINRA's Office of Hearing Officers a written request for a hearing under Rule 9559. Under current Rule 9558(e), the hearing request must be made within seven days after service of the notice issued under Rule 9558, and the hearing request must state "with specificity any and all defenses to the Nasdaq action."

Current Rule 9558(f), the numbering and text of which remains unchanged, provides that a notice issued under Rule 9558 shall constitute final Nasdaq action if a member or person subject to notice under Rule 9558 does not timely request a hearing.

Current Rule 9558(g) provides that a member or person subject to a limitation, prohibition or suspension under Rule 9558 may file a written request for termination of the limitation, prohibition or suspension on the ground of full compliance with the notice or decision. In specifying with whom such written request must be filed, current Rule 9558(g) provides that the request "shall be filed with the head of the FINRA department or office that issued the notice or, if another FINRA department or office is named as the

associated persons. Hearing Officers may be drawn from FINRA's pool of Hearing Officers pursuant to the Regulatory Contract, if approved by the Nasdaq Board of Directors at least annually."

⁹ Under Rule 9120(q), "'Hearing Panel' means an Adjudicator that is constituted under Rule 9231 to conduct a disciplinary proceeding governed by the Rule 9200 Series, that is constituted under the Rule 9520 Series or the Rule 9550 Series to conduct a proceeding, or that is constituted under the Rule 9800 Series to conduct a temporary cease and desist proceeding."

¹⁰ Under Rule 9120(b), "'Chief Hearing Officer' means the Hearing Officer that manages the Office of Hearing Officers, or his or her delegatee. The Chief Hearing Officer may be FINRA's Chief Hearing Officer pursuant to the Regulatory Contract, if approved by the Nasdaq Board of Directors at least annually."

³ See Rule 9558(a)(2).

⁴ A Regulatory Services Agreement ("RSA") between Nasdaq and FINRA governs the procedure for coordination between Nasdaq and FINRA with respect to the issuance of a written notice initiating summary proceedings under Rule 9558.

party handling the matter on behalf of the issuing department or office, with the head of the FINRA department or office that is so designated.” Current Rule 9558(g) also provides that the “appropriate head of the department or office may grant relief for good cause shown.”

Current Rule 9558(g) does not contemplate the issuance by Nasdaq Regulation Department staff of a written notice initiating summary proceedings. As discussed in greater detail below, Nasdaq proposes revising Rule 9558(g) to make clear the person with whom a written request for termination of a limitation, prohibition or suspension should be filed depending on which staff (that is, Nasdaq Regulation Department staff or FINRA staff) issues the written notice initiating summary proceedings.

ii. Proposed Rule Change

Proposed revised Rule 9558(a) would permit Nasdaq’s Chief Regulatory Officer to authorize either “Nasdaq Regulation Department staff or FINRA staff to issue on a case-by-case basis a written notice” initiating summary proceedings. As noted above, current Rule 9558(a) provides that Nasdaq’s Chief Regulatory Officer may authorize only FINRA staff to issue a written notice initiating summary proceedings. The proposed inclusion of “Nasdaq Regulation Department staff” in proposed revised Rule 9558(a) reflects that the Nasdaq Regulation Department is the department within Nasdaq responsible for investigating potential violations of applicable Nasdaq or Commission rules by Nasdaq members and associated persons and, if appropriate, taking appropriate enforcement action.

Nasdaq proposes to conform two additional provisions of Rule 9558 to the proposed revision to Rule 9558(a). *First*, proposed revised Rule 9558(a)(2) would provide in relevant part that either “Nasdaq Regulation Department staff or FINRA staff” may make the determination that a member “is in such financial or operating difficulty . . . that the member cannot be permitted to continue to do business as a member with safety to investors, creditors, other members, or Nasdaq.”¹¹ The proposed revision to Rule 9558(a)(2) would permit Nasdaq Regulation Department staff both to make the determination of financial or operating difficulty and,

under proposed revised Rule 9558(a), to issue a written notice initiating summary proceedings. *Second*, proposed revised Rule 9558(g) would provide in relevant part that a written request for termination of the limitation, prohibition or suspension on the ground of full compliance shall be filed with the “head of the Nasdaq Regulation Department or FINRA department or office that issued the notice, or if another department or office is named as the party handling the matter on behalf of the issuing department or office, with the head of the department or office that is so designated.” As a result, if Nasdaq Regulation Department staff were to issue a written notice initiating summary proceedings under proposed revised Rule 9558(a), proposed revised Rule 9558(g) would direct the recipient of such written notice to file a written request for termination with the head of Nasdaq Regulation Department. Reflecting that proposed revised Rule 9558(a) also would permit Nasdaq Regulation Department staff to issue a written notice initiating summary proceedings, proposed revised Rule 9558(g) also would omit the term “FINRA” in two instances where current Rule 9558(g) provides in relevant part that, “if another [FINRA] department or office is named as the party handling the matter on behalf of the issuing department or office, with the head of the [FINRA] department or office that is so designated.”¹²

As noted above, current Rules 9558(b)–(f) would remain unchanged. As a result, the procedure for the recipient of a written notice initiating summary proceedings to request a hearing under current Rule 9558(e) would remain unchanged, regardless of whether Nasdaq Regulation Department staff or FINRA staff issues the written notice initiating summary proceedings. Rule 9559, which remains unchanged, continues to govern the hearing procedure for a summary proceeding under Rule 9558.

iii. Similarity To NYSE Rule 9558

Nasdaq’s proposed rule change is modeled after, and substantially similar to, NYSE Rule 9558. Specifically, NYSE Rule 9558 provides in relevant part that NYSE’s Chief Regulatory Officer may authorize NYSE staff to issue a written notice initiating summary proceedings.¹³ Additionally, NYSE Rule

9558(a)(2) provides for NYSE staff to make the determination of a NYSE member organization’s financial or operating difficulty. However, unlike Nasdaq’s current and proposed revised Rule 9558(a), NYSE Rule 9558 contains no provisions mentioning FINRA. Also, while NYSE Rule 9558(a) expressly mentions authorization from a designee of NYSE’s CRO, Nasdaq’s current and proposed revised Rule 9558(a) incorporates by reference the prospect of delegation by Nasdaq’s Chief Regulatory Officer. In particular, and as noted above, Nasdaq Rule 9120(c) (which Nasdaq Rule 9110 incorporates by reference into Rule 9558) defines “Chief Regulatory Officer” to mean “Chief Regulatory Officer of Nasdaq, or his or her delegatee, who shall be a person who reports to the Chief Regulatory Officer of Nasdaq.” Additionally, while Nasdaq Rule 9558 generally uses the terms “member” and “associated person,” NYSE Rule 9558 uses the analogous terms “member organization” and “covered person.” Finally, while Nasdaq Rule 9558(d) provides for the immediate effectiveness of a limitation, prohibition or suspension pursuant to Rule 9558, NYSE Rule 9558(d) provides for immediate effectiveness “unless otherwise specified” in NYSE’s written notice initiating summary proceedings under Rule 9558.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,¹⁴ in general, and furthers the objectives of Section 6(b)(5) of the Act,¹⁵ in particular, in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest, by providing Nasdaq with the ability to promptly serve a written notice initiating summary proceedings through Nasdaq Regulation Department staff in those instances where Nasdaq’s Chief Regulatory Officer determines that Nasdaq Regulation Department staff should issue such a written notice.

As discussed above, this proposed revision is modeled after, and substantially similar to, NYSE Rule 9558. In particular, proposed revised Rule 9558(a) would permit Nasdaq Regulation Department to issue a

¹¹ Nasdaq’s proposed revised Rule 9558(a)(2) also reflects a one-word technical correction: It replaces the undefined term “Association staff” with the more specific phrase “FINRA staff,” which clarifies the specific “Association” (namely, FINRA) to which it refers.

¹² See also Exhibit 5 (showing the proposed revised rule text, with deletions in brackets).

¹³ While NYSE Rule 9558(a) specifies that “Exchange staff” may issue a written notice initiating summary proceedings in specified circumstances, Nasdaq’s proposed revised Rule

9558(a) specifies the staff of the particular Nasdaq department (namely, Nasdaq Regulation Department) that may issue a written notice initiating summary proceedings.

¹⁴ 15 U.S.C. 78f(b).

¹⁵ 15 U.S.C. 78f(b)(5).

written notice initiating summary proceedings (just as NYSE staff currently may issue a written notice initiating summary proceedings under NYSE Rule 9558) and would permit Nasdaq Regulation Department staff to make a determination of a member's financial or operating difficulty (a determination that NYSE staff currently may make under NYSE Rule 9558).

As noted elsewhere in this proposal, Nasdaq believes that summary proceedings under Rule 9558 often involve time-sensitive matters and require prompt resolution. As one example, Nasdaq may invoke proposed revised Rule 9558 where a member "is in such financial or operating difficulty that Nasdaq Regulation Department staff or FINRA staff determines and so notifies the Commission that the member cannot be permitted to continue to do business as a member with safety to investors, creditors, other members, or Nasdaq."¹⁶ In some instances, summary proceedings may result from an investigation conducted or overseen by the Nasdaq Regulation Department (which, as noted above, is the department within Nasdaq responsible for investigating potential violations of applicable Nasdaq or Commission rules by Nasdaq members and associated persons). Especially because some summary proceedings may result from an investigation conducted by the Nasdaq Regulation Department, Nasdaq believes that permitting Nasdaq Regulation Department staff to issue a written notice initiating summary proceedings will help expedite summary proceedings and avoid potential delays that might result if FINRA staff were needed to issue such a written notice in all instances.¹⁷

In addition, Nasdaq believes that conforming proposed Rules 9558(a)(2) and 9558(g) to reflect the proposed revision to Rule 9558(a) will promote clarity and help expedite summary proceedings. In particular, the proposed revision to Rule 9558(a)(2) would allow for Nasdaq Regulation Department staff to both make the determination of a member's financial or operating difficulty and to issue the written notice

initiating summary proceedings in appropriate circumstances. In some instances, an investigation conducted or overseen by Nasdaq Regulation Department staff may trigger concern that a member is in such financial or operating difficulty that the member cannot be permitted to continue to do business as a member with safety to investors, creditors, other members, or Nasdaq. As a result, permitting Nasdaq Regulation Department staff to make the determination of a member's financial or operating difficulty would help expedite matters and avoid potential delays if FINRA staff were needed in all instances to make the determination of a member's financial or operating difficulty. Given that proposed revised Rule 9558(a) would allow either Nasdaq Regulation Department staff or FINRA staff to issue a written notice initiating summary proceedings, the proposed revision to Rule 9558(g) also would clarify with whom a written request for termination of a limitation, prohibition or suspension must be filed. The procedural protections afforded to a recipient of a written notice initiating summary proceedings would remain unchanged under proposed revised Rule 9558, as noted above. For example, the issuance on a case-by-case basis of a written notice initiating summary proceedings would continue to require written authorization from Nasdaq's Chief Regulatory Officer. Also, Rule 9558(e) would continue permitting the recipient of a written notice initiating summary proceedings to request a hearing, which would remain governed by Rule 9559. In addition, the particular staff (*i.e.*, Nasdaq Regulation Department staff or FINRA staff) making the determination of a member's financial or operating difficulty under proposed revised Rule 9558(a)(2) would continue to provide the Commission with notice of the staff's determination.

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 involves the administration of the Exchange's disciplinary code and raises no competitive concerns. Rather than addressing competitive issues, the proposed rule change would enable Nasdaq's Chief Regulatory Officer to authorize either Nasdaq Regulation Department staff or FINRA staff to issue on a case-by-case basis a written notice initiating summary proceedings, would permit Nasdaq Regulation Department

staff to both make the determination of a member's financial or operating difficulty and to issue the written notice initiating summary proceedings, and would clarify with whom the recipient of a written notice initiating summary proceedings must file a written request for termination of the limitation, prohibition or suspension on the ground of full compliance with the notice or decision. The circumstances in which Nasdaq's Chief Regulatory Officer may authorize issuance of a written notice initiating summary proceedings remain unchanged.

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

No written comments were either solicited or received.

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

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act¹⁸ and subparagraph (f)(6) of Rule 19b-4 thereunder.¹⁹

A proposed rule change filed under Rule 19b-4(f)(6)²⁰ normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),²¹ 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 a waiver of the operative delay would permit Nasdaq Regulation Department staff to issue a written notice initiating summary proceedings and to make the determination of a member's financial or operating difficulty, and that permitting Nasdaq

¹⁶ See proposed revised Rule 9558(a)(2).

¹⁷ While this proposal affords Nasdaq the option to issue a written notice initiating summary proceedings through Nasdaq Regulation Department staff, Nasdaq believes that preserving the option to issue a written notice initiating summary proceedings through FINRA staff appropriately preserves Nasdaq's flexibility in some instances. For example, if Nasdaq's issuance of a written notice initiating summary proceedings follows FINRA's suspension or expulsion of a common member from FINRA membership, Nasdaq may elect for FINRA staff to issue such a written notice.

¹⁸ 15 U.S.C. 78s(b)(3)(A)(iii).

¹⁹ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

²⁰ 17 CFR 240.19b-4(f)(6).

²¹ 17 CFR 240.19b-4(f)(6)(iii).

Regulation Department staff to take these steps will help expedite the resolution of summary proceedings, which often require a prompt resolution of time-sensitive matters. For this reason, and because the proposed rule change raises no new or novel legal or regulatory issuers, the Commission finds that waiver of the operative delay is consistent with the protection of investors and the public interest. Accordingly, the Commission waives the 30-day operative delay and designates the proposed rule change to be operative upon filing.²²

At any time within 60 days of the filing of such proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings under Section 19(b)(2)(B) ²³ of the Act to determine whether the proposed rule change should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-NASDAQ-2026-072 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-NASDAQ-2026-072. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<https://www.sec.gov/rules/sro.shtml>). Copies of the filing will

be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-NASDAQ-2026-072 and should be submitted on or before September 25, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁴

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2026-18113 Filed 9-3-26; 8:45 am]

BILLING CODE 8011-01-P

SMALL BUSINESS ADMINISTRATION

Reporting and Recordkeeping Requirements Under OMB Review

AGENCY: Small Business Administration.

ACTION: 30-Day notice.

SUMMARY: The Small Business Administration (SBA) is seeking approval from the Office of Management and Budget (OMB) for the information collection described below. In accordance with the Paperwork Reduction Act and OMB procedures, SBA is publishing this notice to allow all interested members of the public an additional 30 days to provide comments on the proposed collection of information.

DATES: Submit comments on or before October 5, 2026.

ADDRESSES: Written comments and recommendations for this information collection request should be sent within 30 days of publication of this notice to www.reginfo.gov/public/do/PRAMain. Find this particular information collection request by selecting "Small Business Administration"; "Currently Under Review," then select the "Only Show ICR for Public Comment" checkbox. This information collection can be identified by title and/or OMB Control Number.

FOR FURTHER INFORMATION CONTACT: You may obtain a copy of the information collection and supporting documents from the Interim Agency Clearance Officer at Shauniece.Carter@sba.gov; (202) 921-2198, or from www.reginfo.gov/public/do/PRAMain.

SUPPLEMENTARY INFORMATION: The SBA is required to survey affected disaster

areas within a state upon request by the Governor to determine if there is sufficient damage to warrant issuing a disaster declaration. Information is obtained from individuals, businesses, and government officials reporting disaster related damages.

Solicitation of Public Comments

Comments may be submitted on (a) whether the collection of information is necessary for the agency to properly perform its functions; (b) whether the burden estimates are accurate; (c) whether there are ways to minimize the burden, including through the use of automated techniques or other forms of information technology; and (d) whether there are ways to enhance the quality, utility, and clarity of the information.

OMB Control Number: 3245-0136.

Title: Disaster Survey Worksheet.

Description of Respondents:

Individuals, businesses, and government officials reporting disaster related damages.

Form Number: SBA Form 987.

Total Estimated Annual Responses: 2,720.

Total Estimated Annual Hour Burden: 226.

Shauniece Carter,

Interim Agency Clearance Officer.

[FR Doc. 2026-18188 Filed 9-3-26; 8:45 am]

BILLING CODE 8026-09-P

SMALL BUSINESS ADMINISTRATION

[Disaster Declaration #21821 and #21822; KANSAS Disaster Number KS-20040]

Administrative Declaration of a Disaster for the State of Kansas

AGENCY: U.S. Small Business Administration.

ACTION: Notice.

SUMMARY: This is notice of an Administrative declaration of a disaster for the state of Kansas dated September 1, 2026.

Incident: Severe Storms.

DATES: Issued on September 1, 2026.

Incident Period: August 18, 2026 through August 19, 2026.

Physical Loan Application Deadline Date: November 2, 2026.

Economic Injury (EIDL) Loan Application Deadline Date: June 1, 2027.

ADDRESSES: Visit the MySBA Loan Portal at <https://lending.sba.gov> to apply for a disaster assistance loan.

FOR FURTHER INFORMATION CONTACT: Shaquille Lewis, Office of Disaster Recovery and Resilience, U.S. Small Business Administration, 409 3rd Street

²² 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).

²³ 15 U.S.C. 78s(b)(2)(B).

²⁴ 17 CFR 200.30-3(a)(12), (59).

SW, Suite 6050, Washington, DC 20416, (202) 205-6734.

SUPPLEMENTARY INFORMATION: Notice is hereby given as a result of the Administrator's disaster declaration, applications for disaster loans may be submitted online using the MySBA Loan Portal <https://lending.sba.gov> or in person at other locally announced locations. For further assistance please contact the SBA disaster assistance customer service center by email at disastercustomerservice@sba.gov or by phone at 1-800-659-2955. If you are deaf, hard of hearing, or have a speech disability, please dial 7-1-1 to access telecommunications relay services.

The following areas have been determined to be adversely affected by the disaster:

Primary Counties: Wyandotte.

Contiguous Counties:

Kansas: Johnson, Leavenworth.

Missouri: Clay, Jackson, Platte.

The Interest Rates are:

	Percent
<i>For Physical Damage:</i>	
Homeowners with Credit Available Elsewhere	6.000
Homeowners without Credit Available Elsewhere	3.000
Businesses with Credit Available Elsewhere	8.000
Businesses without Credit Available Elsewhere	4.000
Private Non-Profit Organizations with Credit Available Elsewhere	3.625
Private Non-Profit Organizations without Credit Available Elsewhere	3.625
<i>For Economic Injury:</i>	
Business and Small Agricultural Cooperatives without Credit Available Elsewhere	4.000
Private Non-Profit Organizations without Credit Available Elsewhere	3.625

The number assigned to this disaster for physical damage is 21821B and for economic injury is 218220.

(Catalog of Federal Domestic Assistance Number 59008)

(Authority: 13 CFR 123.3(b).)

James Stallings,

Associate Administrator, Office of Disaster Recovery & Resilience.

[FR Doc. 2026-18119 Filed 9-3-26; 8:45 am]

BILLING CODE 8026-09-P

SURFACE TRANSPORTATION BOARD

[Docket No. FD 36948]

Henry Posner, III—Control Exemption—Morristown & Erie Railway, Inc.

Henry Posner, III (Posner), a noncarrier, has filed a verified notice of exemption under 49 CFR 1180.2(d)(2) for authority to acquire 27.75% of the stock in Morristown & Erie Railway, Inc. (M&E), a Class III rail carrier operating in New Jersey.¹ Posner indirectly controls Iowa Interstate Railroad, LLC (Iowa Interstate), a Class II rail carrier,² through his control of RDC Domestic Holdings, (RDC), a noncarrier holding company. According to the verified notice, Iowa Interstate operates in Iowa and Illinois.

According to the verified notice, as supplemented,³ Posner has entered into a Stock Purchase Agreement and a Shareholders' Agreement whereby a new investor group, which includes Posner, will purchase 50% of the stock in M&E. Following the transaction, M&E's incumbent ownership group will retain the remaining 50% of the stock.

Posner has certified that: (1) M&E does not connect with Iowa Interstate; (2) the proposed transaction is not part of a series of anticipated transactions that would connect M&E and Iowa Interstate; and (3) the transaction does not involve a Class I rail carrier. The proposed transaction is therefore exempt from the prior approval requirements of 49 U.S.C. 11323 pursuant to 49 CFR 1180.2(d)(2).

The earliest this transaction may be consummated is September 19, 2026, the effective date of the exemption (30 days after the verified notice is deemed to have been 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. Because the transaction involves the control of one Class II and one or more Class III rail carriers, the transaction is subject to the labor protection requirements of 49 U.S.C.

¹ Posner concurrently filed with the verified notice of exemption a motion to dismiss the notice of exemption. The motion to dismiss and the motion for protective order will be addressed in separate decisions.

² See Iowa Interstate Reply 2, March 1, 2024, *Canadian Nat'l Ry.—Control—Iowa N. Ry.*, FD 36744.

³ On August 20, 2026, Posner filed a supplement to the verified notice, a motion for protective order, and a highly confidential version of a Stock Purchase Agreement submitted under seal. Accordingly, the date of the supplement, August 20, 2026, is deemed the filing date of the verified notice.

11326(b) and *Wisconsin Central Ltd.—Acquisition Exemption—Lines of Union Pacific Railroad*, 2 S.T.B. 218 (1997).

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 the exemption. Petitions to stay must be filed no later than September 12, 2026 (at least seven days before the exemption becomes effective).

All pleadings, referring to Docket No. FD 36948, 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 Posner's representative, Justin J. Marks, Clark Hill PLC, 601 13th Street NW, Suite 600, Washington, DC 20005.

According to Posner, 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: September 1, 2026.

By the Board, Anika S. Cooper, Chief Counsel, Office of Chief Counsel.

Aretha Laws-Byrum,
Clearance Clerk.

[FR Doc. 2026-18121 Filed 9-3-26; 8:45 am]

BILLING CODE 4915-01-P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

[Docket No. FAA-2026-6968]

Notice of Availability on the Final Tiered Environmental Assessment and Finding of No Significant Impact for SpaceX Starship Reentry Contingency Operations in the Pacific Ocean and Additional Starship Landing Trajectory

AGENCY: Federal Aviation Administration (FAA), Department of Transportation (DOT).

ACTION: Notice of availability of the Final Tiered EA and FONSI/ROD.

SUMMARY: In accordance with the National Environmental Policy Act of 1969, as amended (NEPA), DOT Order 5610.1D, *DOT's Procedures for Considering Environmental Impacts*, and FAA Order 1050.1G, *FAA National Environmental Policy Act Implementing Procedures*, the FAA is announcing the

availability of the Final Tiered Environmental Assessment and Finding of No Significant Impact/Record of Decision for SpaceX Starship Reentry Contingency Operations in the Pacific Ocean and Additional Starship Landing Trajectory (Final Tiered EA and FONSI/ROD).

SUPPLEMENTARY INFORMATION: The FAA is the lead agency. The National Aeronautics and Space Administration (NASA) and the U.S. Coast Guard (USCG) are cooperating agencies due to their special expertise and/or regulatory jurisdiction. The FAA evaluated SpaceX's proposal for Starship reentry contingency operations in the Pacific Ocean as well as airspace closures for an additional Starship reentry trajectory for landing at Starbase in Texas. SpaceX must obtain a modification to their existing vehicle operator license from the FAA to authorize the expenditure of the Starship vehicle in additional downrange contingency landing areas within the Pacific Ocean. Specifically, the license modification would permit contingency landings in a newly designated Northern Pacific Contingency Landing Area as well as authorize the expansion of two previously evaluated contingency landing locations: (1) Hawaii and Central Pacific Ocean Contingency Landing Area and (2) Southeast (SE) Pacific Contingency Landing Area.

The Final Tiered EA evaluated the potential environmental impacts associated with FAA's approval of related airspace closures.

The FAA published a Draft Tiered EA for a 22-day public comment period that began on July 13, 2026, and ended on August 3, 2026, following a one-week extension. FAA received 37 comments during that period. All comments received during the comment period were given equal weight and taken into consideration in the preparation of the Final Tiered EA and FONSI/ROD.

The FAA has posted the Final Tiered EA and FONSI/ROD on the project website at: https://www.faa.gov/space/stakeholder_engagement/spacex_starship.

Dated: September 2, 2026.

Stacey Molinich Zee,

Manager, Operations Support Branch.

[FR Doc. 2026-18135 Filed 9-3-26; 8:45 am]

BILLING CODE 4910-13-P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

[Docket No. FAA-2023-0944]

Agency Information Collection Activities: Request for Comments; Clearance of a New Approval of Information Collection: Safety Management System Voluntary Program

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice and request for comments.

SUMMARY: In accordance with the Paperwork Reduction Act of 1995, FAA invites public comments about our intention to request the Office of Management and Budget (OMB) approval for an information collection. The **Federal Register** Notice with a 60-day comment period soliciting comments on the following collection of information was published on July 19, 2023. Two comments were received (one comment was submitted twice with an editorial correction) and responded to in the supporting statement accessible following the instructions outlined in the **ADDRESSES** section of this notice. The collection involves collecting safety data from FAA Flight Standards Service, Safety Management System Voluntary Program participants. The collection is necessary to evaluate participating certificate holders and their compliance with voluntary program requirements.

DATES: Written comments should be submitted by October 5, 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: Sean C. Denniston, Flight Standards Service, Safety Management Branch (AFS-940) by email at: sean.denniston@faa.gov; phone 202-267-1493.

SUPPLEMENTARY INFORMATION:

Public Comments Invited: You are asked to comment on any aspect of this information collection, including (a) Whether the proposed collection of information is necessary for FAA's performance; (b) the accuracy of the estimated burden; (c) ways for FAA to enhance the quality, utility and clarity of the information collection; and (d)

ways that the burden could be minimized without reducing the quality of the collected information.

OMB Control Number: 2120-XXXX.

Title: Safety Management System Voluntary Program.

Form Numbers: None.

Type of Review: New Information Collection.

Background: The **Federal Register** Notice with a 60-day comment period soliciting comments on the following collection of information was published on July 19, 2023 (88 FR 46364) and closed on September 18, 2023. A Safety Management System (SMS) provides an organization-wide approach to identifying safety hazards, assessing and managing safety risk, and assuring the effectiveness of safety risk controls. An SMS provides a set of decision-making processes and procedures that can improve safety by assisting an organization in planning, organizing, directing, and controlling its aviation-related business activities. In 2018, the Flight Standards Safety Management System Voluntary Program (SMSVP) was created allowing those not required by regulation to develop and implement an SMS to do so voluntarily.

Since the **Federal Register** 60-day notice, there have been major changes in SMS rulemaking and the voluntary program. On April 26, 2024, 14 Code of Federal Regulations (CFR) part 5 (Safety Management Systems) was published in the **Federal Register** (89 FR 33068). Part 5 added requirements for certain holders of 14 CFR part 21 type certificates, all 14 CFR part 135 aviation organizations, and section 91.147 Letter of Authorization (LOA) holders to develop and implement an SMS. The FAA also updated certain 14 CFR part 121 SMS requirements. Part 135 aviation organizations were exempt from certain part 5 requirements if operating as a single pilot or sole operator.

The FAA also clarified the Title 14 CFR aviation organizations eligible for the SMSVP as Part 91 (Living History Flying Experience), Part 91 subpart K (part 91K), Part 125, Part 133, Part 137, Part 141, Part 142, Part 145, and Part 147.^{1 2} Aviation organizations required by regulation to develop and implement

¹ Operators of LHFE flights are eligible to participate in the SMSVP. LHFE operators are also required to have an SMS detailed in its manual system and subject to FAA evaluation. Whether to also participate in the SMSVP is a decision for the individual LHFE operator. See, 80 FR 43012 (July 21, 2015).

² Other aviation organizations are encouraged to develop an SMS using guidance in Advisory Circular (AC) 120-92, Safety Management Systems for Aviation Service Providers.

an SMS cannot participate in the SMSVP.

Aviation organizations requesting entry into the SMSVP must develop an SMS that meets the requirements of 14 CFR part 5. After an aviation organization voluntarily implements its SMS, it will request entry into the SMSVP and submit a declaration of compliance to the responsible Flight Standards office. A declaration of compliance is a legal document submitted to the FAA declaring that the aviation organization has voluntarily developed and implemented an SMS that meets 14 CFR part 5 requirements.

Respondents: As of December 2025, there are 159 participants in the Safety Management System Voluntary Program.

Estimated Average Burden per Response

The proposed FAA information collections will require 795 annual responses from 159 voluntary program participants. The burden hours were calculated by using the total hours required by the voluntary program participants to respond to the information collection over the three-year period. The annual burden hours were determined by dividing the three-year total, equaling 11,258 hours.

Labor Costs

Other than the average hours burden to comply with the information collection activities, the SMSVP respondents will have no additional capital, start-up, or maintenance cost associated with this collection of information.

Web-Based Application Tool

The FAA and Universal Technical Resources Services (UTRS) entered into a public-private partnership to offer the Web-Based Application Tool (WBAT) to aviation organizations for SMS development and related services. WBAT is one of several companies and services that can be used to develop an SMS. WBAT offers three categories of service: WBAT, Fuzion Safety, and Fuzion Safety Services.

The cost burden of implementing an SMS in the SMSVP depends on the organization's operating certificate, number of aircraft, and number of aviation related employees. The FAA estimates only minor costs for entities that have already voluntarily implemented an SMS. For aviation organizations initially developing an SMS, the FAA estimates a cost range from \$6,052 to \$10,912.

Issued in Washington, DC.

Hugh J. Thomas,

Deputy Executive Director, Flight Standards Service.

[FR Doc. 2026–18143 Filed 9–3–26; 8:45 am]

BILLING CODE 4910–13–P

DEPARTMENT OF TRANSPORTATION

Federal Highway Administration

[Docket No. FHWA–2026–0091]

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 October 5, 2026.

ADDRESSES: You may submit comments identified by DOT Docket ID Number 0091 by any of the following methods:

Website: For access to the docket to read background documents or comments received go to the Federal eRulemaking Portal: Go to <http://www.regulations.gov>.

Follow the online instructions for submitting comments.

Fax: 1–202–493–2251.

Mail: Docket Management Facility, U.S. Department of Transportation, West Building Ground Floor, Room W12–140, 1200 New Jersey Avenue SE, Washington, DC 20590–0001.

Hand Delivery or Courier: U.S. Department of Transportation, West Building Ground Floor, Room W12–140, 1200 New Jersey Avenue SE, Washington, DC 20590, between 9 a.m. and 5 p.m. ET, Monday through Friday, except Federal holidays.

FOR FURTHER INFORMATION CONTACT:

Melissa Maiefski, melissa.maiefski@dot.gov, (402) 326–7960, Office of Competitive Grants and Workforce Programs, 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 January 16, 2026, at [91 FR 2268]. No comments were received.

Title: Accelerated Implementation and Deployment of Advanced Digital Construction Management Systems, also known as Advanced Digital Construction Management Systems (ADCMS).

Background: The Federal Highway Administration (FHWA) administers the Advanced Digital Construction Management Systems (ADCMS) program. It was established by Congress in Section 5513 of the Infrastructure Investment and Jobs Act (IIJA) and is codified in Federal statute at 23 U.S.C. 503(c)(5).

The purpose of the ADCMS program is to promote, implement, deploy, demonstrate, showcase, support, and document the application of advanced digital construction management systems and practices. The program's goals include maximizing interoperability with other systems, boosting productivity, managing complexity, reducing project delays and cost overruns, and enhancing worker safety and environmental benefits through more efficient projects.

The program provides competitive grants to eligible entities, including State Departments of Transportation, applying alone or in partnership with Local Agencies, Tribes or Private Industry. The FHWA announced the availability of up to \$34 million for fiscal year 2026 grants to support these workforce and technology development efforts.

Respondents: The NOFO announcing up to \$34 million of Fiscal Year (FY) 2026, funding for ADCMS competitive grants will be available for local and State transportation agencies, which may partner with institutions of higher education and businesses on [grants.gov](https://www.fhwa.gov/grants). FHWA is expecting roughly 35 applicants to apply for ADCMS grant funding.

Frequency: NOFOs and grant solicitations may be published annually by FHWA but are subject to the availability of funds in appropriations or, any legislation signed into law authorizing funds.

Estimated Average Burden per Response: 132 hours per respondent per applicant.

Estimated Total Annual Burden Hours: It is expected that the respondents will complete approximately 35 applications for the program, for an estimated total of 4,620 annual burden hours.

Public Comments Invited: You are asked to comment on any aspect of this information collection, including: (1)

Whether the proposed collection is necessary for the FHWA's performance; (2) the accuracy of the estimated burdens; (3) ways for the FHWA to enhance the quality, usefulness, and clarity of the collected information; and (4) ways that the burden could be minimized, including the use of electronic technology, without reducing the quality of the collected information. The agency will summarize and/or include your comments in the request for OMB's clearance of this information collection.

Authority: The Paperwork Reduction Act of 1995; 44 U.S.C. chapter 35, as amended; and 49 CFR 1.48.

Issued on: September 2, 2026.

Jazmyne Lewis,

Information Collection Officer.

[FR Doc. 2026-18155 Filed 9-3-26; 8:45 am]

BILLING CODE 4910-22-P

DEPARTMENT OF THE TREASURY

Internal Revenue Service

Publication of Inflation Adjustment Factor and Applicable Amounts for Clean Electricity Production Credit for Calendar Year 2026

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of publication.

SUMMARY: The 2026 inflation adjustment factor and applicable amounts are used in calculating the amount of the clean electricity production credit allowable under section 45Y (section 45Y credit) of the Internal Revenue Code (Code), which are required by law to be published in the **Federal Register**.

FOR FURTHER INFORMATION CONTACT: Kevin I. Babitz, CC:ECE:2, Internal Revenue Service, 1111 Constitution Avenue NW, Washington, DC 20224, (202) 317-6853 (not a toll-free number).

SUPPLEMENTARY INFORMATION: This notice sets forth the 2026 inflation adjustment factor and applicable amounts used to determine the amount of the section 45Y credit that apply to calendar year 2026 sales, consumption, or storage of electricity produced in the United States or a possession thereof at a qualified facility. The contents of this notice will be republished in the Internal Revenue Bulletin (see 26 CFR 601.601(d)(2)).

Inflation Adjustment Factor: The inflation adjustment factor for calendar year 2025 for purposes of the section 45Y credit is 2.0570.

Section 45Y Credit: Section 45Y was added to the Code by section 13701(a)

of Public Law 117-169, 136 Stat. 1818, 1982 (August 16, 2022), commonly known as the Inflation Reduction Act of 2022, to provide an income tax credit for producing electricity at a qualified facility.

Section 45Y(a)(1) provides that, for purposes of section 38 of the Code, the section 45Y credit for any taxable year is an amount equal to the product of (1) the kilowatt hours of electricity produced by the taxpayer during such taxable year at a qualified facility (described in section 45Y(b)), and either (i) sold by the taxpayer to an unrelated person during the taxable year, or (ii) in the case of a qualified facility which is equipped with a metering device which is owned and operated by an unrelated person, sold, consumed, or stored by the taxpayer during the taxable year, multiplied by (2) the applicable amount with respect to such qualified facility.

For purposes of the applicable amount used in calculating the section 45Y credit, section 45Y(a)(2) provides a base amount and a higher alternative amount. Section 45Y(a)(2)(A) provides that, subject to section 45Y(g)(7) (providing an increase in credit for qualified facilities located in an energy community), the applicable amount will be the base amount of 0.3 cents in the case of a qualified facility that does not satisfy the requirements for the alternative amount. Section 45Y(a)(2)(B) provides that, subject to section 45Y(g)(7), the applicable amount will be the alternative amount of 1.5 cents in the case of any qualified facility (1) with a maximum net output of less than 1 megawatt (as measured in alternating current), (2) the construction of which begins prior to the date that is 60 days after the Secretary of the Treasury or the Secretary's delegate (Secretary) publishes guidance on the requirements of section 45Y(g)(9) (wage requirements) and section 45Y(g)(10) (apprenticeship requirements),¹ or (3) that satisfies section 45Y(g)(9) and, with respect to the construction of such facility, satisfies section 45Y(g)(10).

Section 45Y(c)(1) provides for an inflation adjustment for both the base and alternative amounts. Section 45Y(c)(1) provides that, in the case of a calendar year beginning after 2024, the 0.3 cent amount in section 45Y(a)(2)(A) and the 1.5 cent amount in section

45Y(a)(2)(B) will each be adjusted by multiplying such amount by the inflation adjustment factor for the calendar year in which the sale, consumption, or storage of the electricity occurs. If the 0.3 cent amount as adjusted for inflation is not a multiple of 0.05 cent, such amount is rounded to the nearest multiple of 0.05 cent. If the 1.5 cent amount as adjusted for inflation is not a multiple of 0.1 cent, such amount is rounded to the nearest multiple of 0.1 cent.

Section 45Y(c)(2) requires the Secretary to determine and publish in the **Federal Register** each calendar year the inflation adjustment factor for such calendar year.

Section 45Y(c)(3) defines the term *inflation adjustment factor* as, with respect to a calendar year, a fraction, the numerator of which is the GDP implicit price deflator for the preceding calendar year and the denominator of which is the GDP implicit price deflator for the calendar year 1992. The term *GDP implicit price deflator* means the most recent revision of the implicit price deflator for the gross domestic product as computed and published by the Department of Commerce before March 15 of the calendar year.

Inflation Adjustment Factor for Calendar Year 2026: For purposes of section 45Y(c)(1), for sales, consumption, or storage of electricity occurring in calendar year 2026, the inflation adjustment factor is a fraction, the numerator of which is the GDP implicit price deflator for 2025 (128.986) and the denominator of which is the GDP implicit price deflator for 1992 (62.707), which yields an inflation adjustment factor of 2.0570. Accordingly, the inflation adjustment factor for calendar year 2026 for purposes of the section 45Y credit is 2.0570.

Applicable Amounts for Calendar Year 2026: Under the calculation required by section 45Y(c)(1), for sales, consumption, or storage of electricity occurring in calendar year 2026, the applicable amount provided in section 45Y(a)(2)(A) is 0.6 cents (or \$0.006). For sales, consumption, or storage of electricity occurring in calendar year 2026, the applicable amount provided in section 45Y(a)(2)(B) is 3.1 cents (or \$0.031).

(Authority: Section 45Y(c)(2) of the Internal Revenue Code (26 U.S.C. 45Y(c)(2)).)

Christopher T. Kelley,

Special Counsel, (Energy, Credits, and Excise Tax).

[FR Doc. 2026-18105 Filed 9-3-26; 8:45 am]

BILLING CODE 4831-GV-P

¹ To meet this requirement, the construction of the qualified facility must begin prior to January 29, 2023. On November 30, 2022, the Department of the Treasury and the IRS published Notice 2022-61 in the **Federal Register** (87 FR 73580, corrected in 87 FR 75141 (Dec. 7, 2022)), providing initial guidance with respect to the prevailing wage and apprenticeship requirements and starting the 60-day period described in section 45Y(a)(2)(B).

DEPARTMENT OF VETERANS AFFAIRS

[OMB Control No. 2900–0261]

Agency Information Collection Activity under OMB Review: Application for Refund of Educational Contributions

AGENCY: Veterans Benefits Administration, Department of Veterans Affairs.

ACTION: Notice.

SUMMARY: In compliance with the Paperwork Reduction Act (PRA) of 1995, this notice announces that the Veterans Benefits Administration, Department of Veterans Affairs, will submit the collection of information abstracted below to the Office of Management and Budget (OMB) for review and comment. The PRA submission describes the nature of the information collection and its expected cost and burden, and it includes the actual data collection instrument.

DATES: Comments and recommendations for the proposed information collection should be sent by October 5, 2026.

ADDRESSES: To submit comments and recommendations for the proposed information collection, please type the following link into your browser: www.reginfo.gov/public/do/PRAMain, select “Currently under Review—Open for Public Comments”, then search the list for the information collection by Title or “OMB Control No. 2900–0261”.

FOR FURTHER INFORMATION CONTACT: VA PRA information: Dorothy Glasgow, 202–461–1084, VAPRA@va.gov.

SUPPLEMENTARY INFORMATION:

Title: Application for Refund of Educational Contributions, VA Form 22–5281.

OMB Control Number: 2900–0261.

Type of Review: Revision of a currently approved collection.

Abstract: Public Law 94–502 established the Post-Vietnam Era Educational Assistance Program (VEAP). The VEAP program account is jointly funded by the eligible participant and the Department of Defense. The fund provides educational assistance payments to eligible participants who entered the service after December 31, 1976, and before July 1, 1985, and are pursuing training under chapter 32, title 38 U.S.C. The Application for Refund of Educational Contributions, VA Form 22–5281, is required to process a refund of contributions made by eligible participants who wish to disenroll from the program. If a participant stops enrollment from the program prior to discharge or release from active duty, such participant’s contributions will be refunded on the date of the participant’s discharge or release from active duty, or within 60 days of receipt of notice by the Secretary of the participants’ discharge. If a participant stops enrollment from the program after discharge or release from active duty, the participant’s contributions shall be refunded within 60 days of receipt of an

application for a refund from the participant. In 2022, VA conducted a project which attempted to identify all Veterans with remaining chapter 32 contributions and provide them with the VA Form 22–5281 to receive a refund, as they’re no longer eligible to use chapter 32 benefits. The burden for the current renewal has decreased because no similar large-scale effort to contact Veterans was conducted during 2023, 2024, or 2025.

An agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a currently valid OMB control number. The **Federal Register** Notice with a 60-day comment period soliciting comments on this collection of information was published at 91 FR 40669, July 2, 2026.

Affected Public: Individuals or Households.

Estimated Annual Burden: 429.

Estimated Average Burden per Respondent: 10 minutes.

Frequency of Response: Once.

Estimated Number of Respondents: 2,571.

Authority: 44 U.S.C. 3501 *et seq.*

Shunda Willis,

Alternate, VA PRA Clearance Officer, Office of Information and Technology, Office of Data Governance and Analytics, Department of Veterans Affairs.

[FR Doc. 2026–18125 Filed 9–3–26; 8:45 am]

BILLING CODE 8320–01–P



FEDERAL REGISTER

Vol. 91

Friday,

No. 171

September 4, 2026

Part II

Securities and Exchange Commission

17 CFR Parts 240 and 249b

Transfer Agent Rules; Proposed Rule

SECURITIES AND EXCHANGE COMMISSION

17 CFR Parts 240 and 249b

[Release No. 34–106246; File No. S7–2026–30]

RIN 3235–AL55

Transfer Agent Rules

AGENCY: Securities and Exchange Commission.

ACTION: Proposed rule.

SUMMARY: The U.S. Securities and Exchange Commission (“SEC” or “Commission”) is proposing to adopt new rules, amend existing rules, amend the existing form for registration with the Commission as a transfer agent (Form TA–1) and the existing form for reporting activities of transfer agents (Form TA–2), and rescind an existing rule governing registered transfer agents. The proposals are designed to modernize the rules governing registered transfer agents.

DATES: This release was published in the **Federal Register** on September 4, 2026. Comments should be received on or before November 3, 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/s7-2026-30/transfer-agent-rules>); or
- Send an email to rule-comments@sec.gov. Please include File Number S7–2026–30 on the subject line.

Paper Comments

- Send paper comments to Vanessa A. Countryman, Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549–1090. All submissions should refer to File Number S7–2026–30. 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/s7-2026-30>). Do not include personally identifiable information in submissions; you should submit only information that you wish to make available publicly. The Commission may redact in part or withhold entirely

from publication submitted material that is obscene or subject to copyright protection.

Studies, memoranda, or other substantive items may be added by the Commission or staff to the comment file during this rulemaking. A notification of the inclusion in the comment file of any such materials will be made available on the Commission’s website. To ensure direct electronic receipt of such notifications, sign up through the “Stay Connected” option at www.sec.gov to receive notifications by email.

A summary of the proposal of not more than 100 words is posted on the Commission’s website (<https://www.sec.gov/rules-regulations/2026/09/s7-2026-30>).

FOR FURTHER INFORMATION CONTACT:

Elizabeth Fitzgerald, Assistant Director, Tina Barry and Kevin Schopp, Senior Special Counsels, Bryant Eng, Ron Carny, or Scott Farnin, Special Counsels, Office of Clearance and Settlement at (202) 551–6706, Division of Trading and Markets, U.S. Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549–7010.

SUPPLEMENTARY INFORMATION: The Commission is proposing to amend, rescind, or add the following rules and forms.¹

Commission reference	CFR citation (17 CFR)	Proposal
Securities Exchange Act of 1934 (“Exchange Act” or “Act”) ² :		
Form TA–1	Referenced in 17 CFR 249b.100	Amend.
Form TA–2	Referenced in 17 CFR 249b.102	Amend.
Rule 17ac2–1	17 CFR 240.17Ac2–1	Amend.
Rule 17ac2–2	17 CFR 240.17Ac2–2	Amend.
Rule 17ad–1	17 CFR 240.17Ad–1	Amend.
Rule 17ad–2	17 CFR 240.17Ad–2	Amend.
Rule 17ad–3	17 CFR 240.17Ad–3	Amend.
Rule 17ad–4	17 CFR 240.17Ad–4	Rescind.
Rule 17ad–6	17 CFR 240.17Ad–6	Amend.
Rule 17ad–7	17 CFR 240.17Ad–7	Amend.
Rule 17ad–9	17 CFR 240.17Ad–9	Amend.
Rule 17ad–10	17 CFR 240.17Ad–10	Amend.
Rule 17ad–11	17 CFR 240.17Ad–11	Amend.
Rule 17ad–12	17 CFR 240.17Ad–12	Amend.
Rule 17ad–13	17 CFR 240.17Ad–13	Amend.
Rule 17ad–17	17 CFR 240.17Ad–17	Amend.
Rule 17ad–30	17 CFR 240.17ad–30	Add.
Rule 17ad–31	17 CFR 240.17ad–31	Add.

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¹ We are also proposing to modify the CFR designations for each of the rules in this release (other than the CFR designation for Rule 17ad–7 which has already been amended) to ensure the regulatory text conforms with section 2.13 of the Document Drafting Handbook. See 1 CFR 21.11; Office of the Federal Register, Document Drafting

Handbook (Aug. 2018 Edition, Revision 2.1, dated Oct. 2023), <https://www.archives.gov/files/federal-register/write/handbook/ddh.pdf>. Because each of these rules contain an uppercase letter in their CFR citations, if adopted, the proposed rules would modify the CFR section designations at adoption to replace each such uppercase letter with the

corresponding lowercase letter. The new rules being proposed in this release are being proposed with the appropriate lowercase letter, for example, Rule 17ad–30 is being proposed as 17 CFR 240.17ad–30 rather than 17 CFR 240.17Ad–30.

² 15 U.S.C. 78a *et seq.*

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I. Introduction

Transfer agents are a key component of the national clearance and settlement system, performing critical functions related to the securities lifecycle that help protect investors and support the prompt and accurate processing of securities transactions. Their statutory functions as defined under Section 3(a)(25) of the Securities Exchange Act of 1934 (“Exchange Act” or “Act”) include countersigning securities upon issuance, monitoring for overissuance, registering the transfer of securities, exchanging or converting securities, and transferring record ownership of securities by bookkeeping entry.³ Collectively, these functions help ensure that securities ownership records remain accurate and that investors and other securities markets participants can rely on the accuracy, integrity, and safety of the clearance and settlement

process throughout the securities lifecycle.

The Commission first adopted the majority of the federal transfer agent rules in the late 1970s and early 1980s.⁴ At that time, the majority of investors held their securities in certificated (*i.e.*, paper) form. The transfer agent industry was characterized by a mix of small firms and public company issuers acting as their own transfer agent, and transfer agents primarily provided manual processing of certificates and related recordkeeping functions that some industry observers viewed as purely ministerial.

Transfer agents have adapted to the complex, interconnected electronic securities markets of today in numerous ways, including by providing a broad suite of services.⁵ For example, in addition to facilitating the issuance, cancellation, and transfer of both paper and electronic securities and maintaining the official record of ownership of an issuer’s securities, most transfer agents also place, track, and remove restrictive legends⁶ and at least one-third of them are engaged by issuers to provide administrative, recordkeeping, and processing services related to the distribution of cash and stock dividends, bond principal and interest, mutual fund redemptions, and corporate action and other payments to securityholders, what is commonly referred to as paying agent activity. Transfer agents’ paying agent activity in particular has grown significantly in the last few decades and continues to grow.⁷

Many transfer agents function as administrators and third-party information or technology service providers for mutual funds or direct purchase, dividend reinvestment, employee stock purchase, retirement, and other issuer-sponsored investment plans.⁸ In these roles, transfer agents fulfill such tasks as calculating purchase or sale prices for investors in mutual funds, aggregating and providing order routing services to handle all aspects of enrollment and ongoing account

servicing, enhancing securityholder communications, and performing paying agent services specific to funds and plans.

Modern transfer agents may offer other ancillary services as well, including annual meeting and proxy services such as electronic proxy delivery, notice and access consulting, internet and phone voting, and proxy tabulation; strategic shareholder consulting services to corporations and shareholder groups working to influence corporate strategy; communication services such as promotion campaigns, loyalty programs, and communication services with brokers and fund managers; global capital markets services such as access to international markets and cross border transactions; corporate trust services; corporate restructuring and class action administration services; and corporate action consulting. A transfer agent’s failure to perform its statutory functions and related services promptly, accurately, and safely can compromise the accuracy of an issuer’s securityholder records, disrupt the channels of communication between issuers and securityholders, disenfranchise investors, and expose issuers, investors, securities intermediaries, and the securities markets as a whole to significant financial loss.⁹

As technology and the securities markets continue to evolve, transfer agents are increasingly operating at the frontier of rapidly developing technologies, including tokenized securities, artificial intelligence (“AI”), and other forms of digital infrastructure. For example, market participants are actively seeking to bring blockchain-native, or “onchain” transfer agents into the U.S. market, with some firms developing models for blockchain-based recordkeeping, tokenized fund administration, and cross-chain interoperability that would require transfer agents to maintain issuer and securityholder records on distributed ledgers and deploy and administer smart-contract-driven processes. At the same time, rapid technological change—ranging from tokenization initiatives, to

⁴ The Commission provided a detailed history of those rules, and the market developments that led to those rules, in a 2015 concept release. See Transfer Agent Regulations, Exchange Act Release No. 76743 (Dec. 22, 2015), 80 FR 81948 (Dec. 31, 2015) (“2015 Concept Release”) for an overview of the history of the Commission’s transfer agent rules.

⁵ See Exchange Act Section 17A(a)(1)(A), 15 U.S.C. 78q-1(a)(1)(A).

⁶ For additional discussion of transfer agents’ role with respect to restrictive legends, see 2015 Concept Release, *supra* note 4, Section VI.D.

⁷ See *infra* Section III.J.

⁸ See, e.g., 2015 Concept Release, *supra* note 4, Section VII.E.1, discussing the practice of voluntary registration as transfer agents by certain third-party administrators (“TPA”).

⁹ See Maintenance of Accurate Securityholder Files and Safeguarding of Funds and Securities by Registered Transfer Agents, Exchange Act Release No. 19142 (Oct. 15, 1982), 47 FR 47269 (Oct. 25, 1982) (“17ad-9 through 13 Proposing Release”) (noting examples of substandard transfer agent performance presenting significant potential adverse consequences); see also Processing Requirements for Cancelled Security Certificates, Exchange Act Release No. 48931 (Dec. 16, 2003), 68 FR 74390, 74391 (Dec. 23, 2003) (noting examples of substandard transfer agent performance and significant adverse consequences).

³ Exchange Act Section 3(a)(25)(A)–(E), 15 U.S.C. 78c(a)(25)(A) through (E).

cloud-based systems, to AI-enabled operational tools—has the potential to reshape core clearance, settlement, and transfer functions across the market ecosystem. Transfer agents interacting with tokenized securities, distributed ledger technologies, and smart contracts must increasingly manage risks relating to blockchain data integrity, security of tokenized securities, and distributed ledger operational models, while those adopting AI or automated technologies must ensure proper controls, accurate representations of system capabilities, and effective oversight of automated processes. These developments place transfer agents in an increasingly central role in safeguarding investor records, issuing and supporting tokenized securities, and ensuring resiliency against operational and cybersecurity risks within the rapidly evolving technological landscape comprising the U.S. securities markets.

Despite these developments, the Commission's transfer agent rules have not been substantively updated since the first rules were adopted in the late 1970s and early 1980s. As a result, these rules do not sufficiently address the risks presented by the wide range of processing, recordkeeping, safeguarding, paying agent, and other services that characterize modern transfer agents' businesses, much less the risks posed by transfer agents' central role in the evolving blockchain-based, AI-driven landscape. For example, despite the highly sophisticated electronic and automated systems utilized by modern transfer agents, including transfer agents that are essentially enterprise software providers, the current transfer agent rules are silent with respect to information security, cybersecurity, disaster recovery, operational risk, or other requirements related to their use of connected and automated electronic systems. And although transfer agents play a critical role in placing, tracking, and removing restrictive legends to facilitate distributions, there are no Commission rules specifying transfer agents' obligations in connection with removing restrictive legends on securities.

Collectively, based on these changes the Commission concludes that there is a disconnect between the transfer agent rules that have been in place for decades and both the manner in which transfer agents perform their critical functions and the technology they use to do so. At the same time, transfer agents now perform a more diverse array of functions and services, many of which may not be adequately addressed by the transfer agent rules. As the pace of technological innovation and

advancement within the securities markets continues to accelerate, the gap between the Commission's transfer agent rules and the risks posed by transfer agents' activities and role within the national clearance and settlement system continues to widen.

In this release, the Commission is proposing a targeted set of amended and new rules to ensure that the Commission's transfer agent rules continue to protect investors, support the public interest, and facilitate the safe and efficient functioning of the national clearance and settlement system. The Commission is soliciting public comment on each of the proposals in this release. Public feedback and data would help the Commission ensure that any regulatory action will be in the public interest and will help protect investors, the markets, and the national clearance and settlement system.

A. Background Regarding Securities Ownership

Investment securities confer certain intangible rights and benefits upon the holder.¹⁰ In the past, the most common way to transfer investment securities, such as shares of stock, was to transfer a paper certificate that represents the benefits of ownership ("certificated security").¹¹ Certificated securities are evidence that the owner is registered on the books of the issuer (or its transfer agent) as a securityholder.¹² Although the shares themselves represent an intangible right,¹³ the certificate is a negotiable instrument under state law, which allows the registered owner of the certificated security to transfer the bundle of intangible rights to a third party.¹⁴

The transfer of certificated securities held by registered owners was a time-consuming manual process for transfer agents. In 1977 the concept of the "uncertificated security" was introduced in Article 8 of the Uniform Commercial Code ("UCC").¹⁵ This

innovation allowed issuers to issue uncertificated (*i.e.*, certificateless) book-entry securities, the transfer of which is greatly simplified compared to the transfer of certificated securities because transfer can be effected by simply registering the transferee's name on the books of the issuer.¹⁶

Under the current centralized depository model in the United States, there are two types of securities owners: (a) registered securityholders and (b) beneficial owners. Registered securityholders (who may also be referred to as "holders of record")¹⁷ own and hold securities in "registered form."¹⁸ The UCC provides that an "issuer . . . may treat the registered owner as the person exclusively entitled to vote, receive notifications, and otherwise exercise all the rights and powers of an owner."¹⁹ Registered securityholders are listed directly on the records of the issuer or the issuer's transfer agent under their own names, and can hold their securities either in certificated form or in uncertificated (*i.e.*, book-entry) form.²⁰

The vast majority of securityholders in the U.S. are beneficial owners rather than registered owners.²¹ Beneficial owners do not own the securities

Congressional Leap for States to Follow, 37 Wash. & Lee L. Rev. 717, 729–32 (1980).

¹⁶ Guttman § 6:4.

¹⁷ See Exchange Act Rule 17ad-9(a)(3), 17 CFR 240.17Ad-9(a)(3) (referring to "securityholder's registration"); Exchange Act Rule 17ad-9(a)(4), 17 CFR 240.17Ad-9(a)(4) (referring to "registered securityholder"); Exchange Act Rule 12g5-1, 17 CFR 240.12g5-1 ("securities shall be deemed to be 'held of record' by each person who is identified as the owner of such securities on records of security holders maintained by or on behalf of the issuer").

¹⁸ See U.C.C. 8-102(a)(13). ("Registered form," as applied to a certificated security, means a form in which: (i) the security certificate specifies a person entitled to the security; and (ii) a transfer of the security may be registered upon books maintained for that purpose by or on behalf of the issuer, or the security certificate so states.").

¹⁹ U.C.C. 8-207.

²⁰ Historically, the Direct Registration System ("DRS") operated by the Depository Trust Company ("DTC") has been the predominant form of holding uncertificated securities in registered form, however, in recent years, other forms of registered ownership such as tokenization have become available. Regardless of the specific format that a registered securityholder's securities take, a registered securityholder's options for holding uncertificated securities, through DRS, tokenization, or otherwise, will be subject to the issuer's governing documents and the law of its jurisdiction of organization, as well as to other legal requirements that may apply to the issuer, such as rules of self-regulatory organizations ("SROs") such as DTC and national securities exchanges.

²¹ For more information regarding beneficial ownership, see, e.g., Concept Release On The U.S. Proxy System, Exchange Act Release No. 62495 (July 14, 2010), 75 FR 42982 (July 22, 2010) ("Proxy Concept Release"); Investor Bulletin: Holding Your Securities, SEC, available at <http://www.sec.gov/investor/pubs/holdsec.htm> (last visited May 22, 2026).

¹⁰ Egon Guttman, *Modern Securities Transfers* § 1:5 (4th ed. 2010).

¹¹ The Uniform Commercial Code ("UCC") defines a "certificated security" as "a security that is represented by a certificate." U.C.C. 8-102(a)(4). The UCC, which was first published in 1952, is a uniform act designed to standardize the law of sales and other commercial transactions in all 50 states. The UCC has the effect of law only when adopted by a state, and while it has been adopted by all 50 states, there are numerous state-by-state variations in the adopted texts.

¹² Guttman § 1:5.

¹³ *Id.*

¹⁴ Guttman § 1:12.

¹⁵ See U.C.C. 8-102(a)(18) (defining new term uncertificated security as "a security that is not represented by a certificate"); see also Egon Guttman, *Toward the Uncertificated Security: A*

directly but generally have purchased them through an intermediary, such as a broker or a bank, and determined to hold them in street name through a book-entry account with that intermediary. Securities held in street name are legally owned by and registered in the name of the depository's nominee (most often DTC's nominee, Cede & Co.). The individual investor's broker (or other intermediary) who is a member or participant of the depository will be identified on the books of the depository as having a "security entitlement"²² to, or an interest in, a pro rata share of the fungible bulk of that security held by the depository.²³ Correspondingly, the individual investor will be identified on the books of the depository participant (*i.e.*, the investor's broker or other intermediary) as having a security entitlement to a pro rata share of the securities in which the participant has an interest. At each level, the intermediary will be obligated to provide the entitlement holder with payments and distributions with respect to the financial asset and to exercise rights as directed by the entitlement holder.²⁴ A securities intermediary satisfies such duties where the intermediary acts as required by any agreement between the intermediary and entitlement holder.²⁵ The

entitlement holder will be permitted to look only to the intermediary for performance of the obligations.²⁶

B. Transfer Agent Regulation

Prior to 1975, most transfer agents were banks or trusts.²⁷ There was no federal regulation of transfer agents and transfer agents were subject to state law, generally pursuant to UCC provisions. Transfer agents were also subject to stock exchange requirements regarding securities processing.

Following the Paperwork Crisis, as discussed in more detail in the 2015 Concept Release, in 1975, Congress enacted the Securities Acts Amendments (the "1975 Amendments"),²⁸ which made sweeping changes to the federal securities laws, implemented many of the principal recommendations from the Securities Industry Study,²⁹ and established both the national market system³⁰ and the national clearance and settlement system as they exist today.³¹ Specifically, Congress directed the Commission to, among other things: (i) "facilitate the establishment of a national system for the prompt and accurate clearance and settlement of transactions in securities;"³² (ii) "end the physical movement of securities certificates in connection with the settlement among brokers and dealers of transactions in securities;"³³ and (iii)

establish a system for reporting missing, lost, counterfeit, and stolen securities.³⁴

The 1975 Amendments gave the Commission regulatory authority for the first time over transfer agents. Section 3(a)(25) of the Exchange Act defines a "transfer agent" as any person who engages on behalf of an issuer of securities or on behalf of itself as an issuer of securities in:

(A) countersigning such securities upon issuance;

(B) monitoring the issuance of such securities with a view to preventing unauthorized issuance (*i.e.*, a registrar);

(C) registering the transfer of such securities;

(D) exchanging or converting such securities; or

(E) transferring record ownership of securities by bookkeeping entry without the physical issuance of securities certificates.³⁵

Section 17A(c)(1) of the Exchange Act requires any person performing any of these functions with respect to any security registered pursuant to Section 12 of the Exchange Act or with respect to any security which would be required to be registered except for the exemption contained in subsection (g)(2)(B) or (g)(2)(G) of Section 12 ("Qualifying Security") to register with the Commission or other Appropriate Regulatory Agency ("ARA").³⁶ With respect to any transfer agent so registered, Section 17A(d)(1) of the Exchange Act authorizes the Commission to prescribe such rules and regulations as may be necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Exchange Act.³⁷

Beginning in the late 1970s and early 1980s, the Commission adopted a series of transfer agent rules designed to regulate the basic recordkeeping and processing functions performed by transfer agents. The rules primarily related to routine transfers of certificated equity and debt securities and generally covered three areas: (i) registration and annual reporting requirements; (ii) timing and certain

²² See U.C.C. 8–102(a)(7) (defining "entitlement holder" as a person identified in the records of a securities intermediary as the person having a security entitlement against the securities intermediary); U.C.C. 8–102(a)(17) (defining "security entitlement"); U.C.C. 8–102(a)(14) (defining "securities intermediary" as (i) a clearing corporation or (ii) a person, including a bank or broker, that in the ordinary course of its business maintains securities accounts for others and is acting in that capacity); U.C.C. 8–503(b) (providing that an entitlement holder's property interest with respect to a particular financial asset under [U.C.C. 8–503(a)] is a pro rata property interest in all interests in that financial asset held by the securities intermediary).

²³ For securities held in "fungible bulk," there are no specifically identifiable shares directly owned by DTC participants. Rather, each participant owns a pro rata interest in the aggregate number of shares of a particular issuer held at DTC. In turn, each customer, such as an individual investor of a DTC participant, owns a pro rata interest in the shares in which the DTC participant has an interest. See Processing of Tender Offers Within the National Clearance and Settlement System, Exchange Act Release No. 19678, n.5 (Apr. 15, 1983), 48 FR 17603, 17605, n.5 (Apr. 25, 1983) (describing fungible bulk); Office of Investor Education and Advocacy, Investor Bulletin: DTC Chills and Freezes, SEC (May 2012), available at <https://www.sec.gov/investor/alerts/dtcfreezes.pdf> (discussing fungible bulk).

²⁴ U.C.C. 8–505, 506.

²⁵ U.C.C. 8–505(a)(1), 506(1). In the absence of an agreement covering payments and distributions, the securities intermediary must exercise due care in accordance with reasonable commercial standards. In the absence of an agreement with respect to the exercise of rights as directed by the entitlement

holder, the securities intermediary either must place the entitlement holder in a position to exercise the rights directly or exercise due care in accordance with reasonable commercial standards to follow the direction of the entitlement holder. U.C.C. 8–505(a)(2), 506(2).

²⁶ U.C.C. 8–503(c) (referring only to "securities intermediaries" with respect to enforcement rights that may be exercised by an entitlement holder).

²⁷ SEC, Study of Unsafe and Unsound Practices of Brokers and Dealers, H.R. Doc. No. 92–231, at 38. Transfer agents that are not banks may be referred to as non-bank transfer agents.

²⁸ Securities Acts Amendments of 1975, Public Law 94–29, 89 Stat. 97 (1975); see also S. Rep. No. 75, at 7 (1975).

²⁹ Securities Industry Study, H.R. Rep. No. 92–1519, 64 (1972). The Senate Subcommittee on Securities conducted the Securities Industry Study to determine the causes of the Paperwork Crisis and recommend solutions. The Securities Industry Study ultimately led to Congress enacting the 1975 Amendments. See 2015 Concept Release, *supra* note 4, at 81954.

³⁰ Section 11A of the Exchange Act directed the Commission to facilitate the establishment of a national market system to link together the multiple individual markets that trade securities and achieve the objectives of efficient, competitive, fair, and orderly markets, that are in the public interest and protect investors. See Exchange Act Section 11A(a)(2), 15 U.S.C. 78k–1(a)(2).

³¹ See Exchange Act Section 17A(a)(2), 15 U.S.C. 78q–1(a)(2).

³² Exchange Act Section 17A(a)(2)(A)(i), 15 U.S.C. 78q–1(a)(2)(A)(i).

³³ Exchange Act Section 17A(e), 15 U.S.C. 78q–1(e).

³⁴ Exchange Act Section 17(f)(1), 15 U.S.C. 78q(f)(1).

³⁵ Exchange Act Section 3(a)(25), 15 U.S.C. 78c(a)(25). Note that any insurance company or separate account which performs such functions solely with respect to variable annuity contracts or variable life policies which it issues or any registered clearing agency which performs such functions solely with respect to options contracts which it issues is excluded from the definition of "transfer agent" under the Exchange Act. *Id.*

³⁶ Exchange Act Section 17A(c)(1), 15 U.S.C. 78q–1(c)(1).

³⁷ Exchange Act Section 17A(d)(1), 15 U.S.C. 78q–1(d)(1).

notice and reporting requirements related to securities transaction processing (referred to as “turnaround rules”); and (iii) recordkeeping and record retention rules and safeguarding requirements for securities and funds.

Although the Commission has made modest revisions to the initial transfer agent rules and has added several new rules since the adoption of those earlier rules, the core registration, processing, recordkeeping, and safeguarding rules remain substantially unchanged, and the exemptions for mutual funds, dividend reinvestment plans (“DRIPs”), and limited partnerships have not been revisited.

1. Registration and Annual Reporting Requirements (Rules 17ac2–1 and Form TA–1, Rule 17ac2–2 and Form TA–2)

Before a transfer agent may perform any of the statutory transfer agent functions defined in Section 3(a)(25) of the Exchange Act for a Qualifying Security, it must apply for registration by submitting Form TA–1 (Uniform Form for Registration as a Transfer Agent and for Amendment to Registration) to its ARA, and its registration as a transfer agent with its ARA must have become effective.³⁸ Form TA–1 requires a transfer agent seeking to register to disclose certain information, including the following: basic information about the registrant, transfer agent service company arrangements, control persons and owners, and any investment-related criminal prosecutions, regulatory actions, or civil actions to which its control persons or affiliates have been subject.³⁹ The registration automatically becomes effective 30 days after the Form TA–1 is filed, unless the ARA takes affirmative action to accelerate, deny, or postpone registration in accordance with the provisions of Section 17A(c) of the Exchange Act.⁴⁰ A registrant must

amend its Form TA–1 within 60 days following the date on which information reported therein becomes inaccurate, incomplete, or misleading.⁴¹

All registered transfer agents, regardless of their ARA, must file an annual report with the Commission using Form TA–2 (Form for Reporting Activities of Transfer Agents Registered Pursuant to Section 17A of the Securities Exchange Act of 1934).⁴² Form TA–2 covers a calendar year reporting period that ends on December 31⁴³ and must be filed by March 31 of the year following the end of the reporting period.⁴⁴

Form TA–2 requires transfer agents to identify and report on the use of service companies, or other transfer agents, in connection with their transfer agent activities. It also requires transfer agents to provide annual data regarding the transfer agent’s compliance with the turnaround rules. Additionally, the form requires transfer agents to provide the Commission with updated information about their business activities, including accounts administered, items received,⁴⁵ turnaround performance, total amounts of funds distributed, and lost securityholder accounts.⁴⁶ Rule 17ac2–2 provides exemptions from completing certain sections of Form TA–2 for small transfer agents and for transfer agents that outsource their work completely to service companies.⁴⁷

day time period in Exchange Act Rule 17ac2–1(a), 17 CFR 240.17Ac2–1(a), is shorter than the Exchange Act’s 45-day time period for applications to be effective. Exchange Act Section 17A(c)(2), 15 U.S.C. 78q–1(c)(2).

⁴¹ Exchange Act Rule 17ac2–1(c), 17 CFR 240.17Ac2–1(c); SEC Form TA–1, General Instruction H, 17 CFR 249b.100. For transfer agents for whom the Commission is their ARA, they must file Form TA–1 and amendments thereto electronically on the Commission’s EDGAR system and each answer provided by the transfer agent is required to be formatted in an eXtensible Markup Language (“XML”) data language. Exchange Act Rule 17ac2–1(d), 17 CFR 240.17Ac2–1(d); Electronic Filing of Transfer Agent Forms, Exchange Act Release No. 54864, 5 (Dec. 4, 2006), 71 FR 74698 (Dec. 12, 2006) (“Electronic Filing of Transfer Agent Forms Release”).

⁴² Exchange Act Rule 17ac2–2(a), 17 CFR 240.17Ac2–2(a); SEC Form TA–2, 17 CFR 249b.102 (Form for Reporting Activities of Transfer Agents Registered Pursuant to Section 17A of the Securities Exchange Act of 1934).

⁴³ Exchange Act Rule 17ac2–2(b), 17 CFR 240.17Ac2–2(b).

⁴⁴ Form TA–2 must be filed electronically on the Commission’s EDGAR system, and each answer provided by the transfer agent is required to be formatted in an XML data language. Exchange Act Rule 17ac2–2(c), 17 CFR 240.17Ac2–2(c); Electronic Filing of Transfer Agent Forms Release, *supra* note 41, at 5.

⁴⁵ See *generally*, Section III.A.1 for discussion of “item.”

⁴⁶ See *generally*, SEC Form TA–2, 17 CFR 249b.102.

⁴⁷ Specifically, if a registered transfer agent received fewer than 1,000 items for transfer in the

The Commission, other ARAs, their respective staff, and members of the public (including issuers and investors) use information on Forms TA–1 and TA–2. The Commission’s Electronic Data Gathering, Analysis, and Retrieval (“EDGAR”) database provides a means through which information on these forms can be searched and retrieved. The Commission uses the information on Form TA–1 to review an entity’s application for registration as a transfer agent and to maintain current information about transfer agents. The Commission uses information on Form TA–2, as well as information on Form TA–1 and amendments thereto, for several purposes, including: (i) to determine the nature of the business conducted by a transfer agent, (ii) to review transfer agent activities and to evaluate compliance with Commission rules, and (iii) to inform Commission transfer agent policymaking.⁴⁸ The Commission’s Division of Examinations may use the information on Forms TA–1 and TA–2 to help identify risks and better understand a transfer agent’s business during an examination. Commission staff may also use the information on Forms TA–1 and TA–2 to analyze industry trends and to provide basic census information concerning registered transfer agents. In addition, Form TA–1 and TA–2 data provide the Commission with information about securities processing issues that may need to be addressed by Commission rulemaking. Form TA–1 and TA–2 data is also used by the Commission to assist it in evaluating the costs and benefits of potential rulemaking.

2. Processing, Reporting, Recordkeeping, and Exemptions: Rules 17ad–1 Through 17ad–7

On June 16, 1977, the Commission adopted Rules 17ad–1 through 17ad–7 as a set of performance standards for transfer agents.⁴⁹ These turnaround and processing rules were “designed to

reporting period and did not maintain master securityholder files for more than 1,000 individual securityholder accounts as of December 31 of the reporting period, it is only required to complete Questions 1 through 5, 11, and the signature section of Form TA–2. Exchange Act Rule 17ac2–2(a)(1), 17 CFR 240.17Ac2–2(a)(1). A named transfer agent that engaged a service company to perform all of its transfer agent functions during the reporting period is only required to complete Questions 1 through 3 and the signature section of Form TA–2. Exchange Act Rule 17ac2–2(a)(2), 17 CFR 240.17Ac2–2(a)(2).

⁴⁸ See Adoption of Revised Transfer Agent Forms and Related Rules, Exchange Act Release No. 23084 (Mar. 27, 1986), 51 FR 12124 (Apr. 9, 1986) (“Revised Transfer Agent Forms and Related Rules”); Electronic Filing of Transfer Agent Forms Release, *supra* note 41, at 5.

⁴⁹ Exchange Act Rules 17ad–1 through 17ad–7, 17 CFR 240.17Ad–1 through 17 CFR 240.17Ad–7.

³⁸ Exchange Act Section 17A(c)(1), 15 U.S.C. 78q–1(c)(1); Exchange Act Rule 17ac2–1, 17 CFR 240.17Ac2–1; SEC Form TA–1, 17 CFR 249b.100. Once registration has become effective, a transfer agent may be subject to censure, suspension, limitation, or revocation of its registration if the transfer agent or any person associated with the transfer agent fails to obey Commission rules or violates certain of the securities laws. Exchange Act Section 17A(c)(3), 15 U.S.C. 78q–1(c)(3); Exchange Act Section 17A(c)(4)(C), 15 U.S.C. 78q–1(c)(4)(C).

³⁹ Basic identification information about the registrant includes information such as name, contact person, phone number, address, email address, identification numbers including the transfer agent’s file number and Financial Industry Number Standard (“FINS”) number, and whether the transfer agent solely provides services to its own securities or those of an affiliate. See Form TA–1, 17 CFR 249b.100.

⁴⁰ Exchange Act Rule 17ac2–1(a), 17 CFR 240.17Ac2–1(a); SEC Form TA–1, General Instruction G, 17 CFR 249b.100. Note that the 30-

protect investors . . . and to contribute to the establishment of the national system for the prompt and accurate clearance and settlement of transactions in securities by," among other things, "assuring that the transfer agent community performs its functions in a prompt, accurate and more predictable manner." The rules primarily focused on establishing minimum performance and recordkeeping standards for routine transfers of certificated equity and debt securities and the prompt and accurate cancellation and issuance of certificated securities.⁵⁰ The rules were also designed to provide an early warning system to alert issuers and regulatory agencies when the performance standards are not being met, prohibit under-performing transfer agents from expanding their operations, require transfer agents to respond promptly to certain written inquiries regarding items presented for transfer, and require the maintenance and preservation of certain records necessary for regulatory authorities to examine and enforce transfer agent compliance with the turnaround rules.⁵¹ The specific processing, reporting, and retention requirements were metrics-based and, at the time, considered to be those necessary to ensure that transfer agents adequately performed their functions and that the Commission and other ARAs would be able to examine transfer agents' compliance with the turnaround rules.⁵² Further, the new transfer agent rules established by the Commission were designed not only to ensure that transfer agents meet prescribed performance standards for their core recordkeeping and transfer activities, but to ensure they would be regulated appropriately in the context of the national clearance and settlement system and that any problems meeting these performance standards would not negatively impact individual investors or the clearance and settlement system as a whole.⁵³

⁵⁰ See Regulation of Transfer Agents, Exchange Act Release No. 13636 (June 16, 1977), 42 FR 32404, 32404 (June 24, 1977) ("Rule 17ad-1 through 17ad-7 Adopting Release").

⁵¹ *Id.* See also Exchange Act Rules 17ad-1 through 17ad-7, 17 CFR 240.17Ad-1 through 17 CFR 240.17Ad-7.

⁵² Rule 17ad-1 through 17ad-7 Adopting Release, *supra* note 50, at 32410.

⁵³ Rule 17ad-1 through 17ad-7 Adopting Release, *supra* note 50, at 32407 (noting the importance of avoiding impediments to "the Commission's efforts to provide necessary or appropriate regulations for transfer agents in the broader context of the establishment of a national system for the prompt and accurate clearance and settlement of securities transactions.").

3. Recordkeeping and Safeguarding Rules: Rules 17Ad-8 Through 17ad-13 and 17ad-17

On June 10, 1983, the Commission adopted Rules 17ad-9 through 17ad-13 to supplement the turnaround rules, based on its experience.⁵⁴ These new rules established various requirements and exemptions designed to ensure that transfer agents maintain appropriate internal controls, meet adequate levels of service and performance, and avoid adverse operational and financial problems that could harm investors, issuers, or other securities industry participants. Most notably, the new rules established additional minimum standards for recordkeeping and codified minimum requirements for the safeguarding of funds and securities.⁵⁵ The Commission believed that these additional minimum standards were critical to addressing seriously deficient transfer agent performance.⁵⁶

Rule 17ad-17 was first adopted in 1997⁵⁷ and later amended at the beginning of 2013⁵⁸ and was designed to ensure that the transfer agents, brokers, dealers, and other financial intermediaries make adequate efforts to find lost securityholders.⁵⁹ The rule defines "lost securityholder" as a securityholder for whom an item of correspondence sent to his or her last known address was "returned as undeliverable" and requires transfer agents, brokers, and dealers to conduct two database searches in their efforts to locate a lost securityholder.

C. Evolution of Transfer Agent Activities

This section discusses some of the core recordkeeping, transfer, and other activities that transfer agents engage in, the manner in which the existing transfer agent rules apply to those activities, and how those activities have evolved since the first transfer agent rules were adopted. Since then, the increased use and decreased cost of technology, the expansion of corporate

⁵⁴ Exchange Act Rules 17ad-9 through 17ad-13, 17 CFR 240.17Ad-9 through 17 CFR 240.17Ad-13.

⁵⁵ See 17ad-9 through 13 Proposing Release, *supra* note 9.

⁵⁶ *Id.* The Commission was particularly concerned with reducing the potential for transfer agent failure, which inevitably imposes substantial potential liabilities and costs on issuers, securities firms, and securityholders, as well as improving generally transfer agent performance, thereby reducing the broker-dealers' costs associated with fails to settle and extended transfer delays.

⁵⁷ Lost Securityholders, Exchange Act Release No. 39176 (Oct. 1, 1997), 62 FR 52229 (Oct. 7, 1997) ("Rule 17ad-17 Adopting Release").

⁵⁸ Lost Securityholders and Unresponsive Payees, Exchange Act Release No. 68668 (Jan. 16, 2013), 78 FR 4768 (Jan. 23, 2013).

⁵⁹ Exchange Act Rule 17ad-17, 17 CFR 240.17Ad-17.

actions to bring securities into the public market, the continued dematerialization of securities, and other changes have resulted in significant evolution and changes to the types of services transfer agents provide and the manner in which they provide them.

1. Recordkeeping

Transfer agents have direct responsibility for maintaining on behalf of the issuer the currency and integrity of the official list of the registered owners of an issuer's stocks and bonds, how those stocks and bonds are held, and how many shares or bonds each investor owns. This list is defined by Rule 17ad-9(b) as the master securityholder file.⁶⁰ Without the master securityholder file, registered owners of an issuer's securities cannot be assured that they are recognized as such by the issuer and that they will receive corporate distributions, communications, and the other rights of security ownership to which they are entitled.⁶¹

Transfer agents also maintain and keep current the control book which is defined by Rule 17ad-9(d) as the record of the total number of shares of equity securities or the principal dollar amount of debt securities authorized and issued by the issuer for each issue the transfer agent services.⁶² One of the main purposes of the control book is to allow the transfer agent to monitor the number of securities outstanding to prevent overissuance because the total number of shares reflected in the aggregate on the master securityholder file should match the number of shares authorized in the control book.⁶³

Finally, pursuant to Rule 17ad-6, transfer agents maintain the transfer journal.⁶⁴ The transfer journal can be a useful tool for transfer agents and issuers. For example, when reviewed in conjunction with the master securityholder file, the transfer journal may provide historical information

⁶⁰ See Exchange Act Rule 17ad-9(b), 17 CFR 240.17Ad-9(b).

⁶¹ See generally, e.g., Del. Code Ann. tit. 8 §§ 170, 173 (authorizing a corporation to pay cash and stock dividends under certain circumstances); Exchange Act Rule 14c-3, 17 CFR 240.14c-3 (requirement to furnish an annual report to securityholders); Del. Code Ann. tit. 8 § 212 (providing for voting rights of stockholders and permitting them to vote by proxy); Del. Code Ann. tit. 8 § 222 (requirement to send stockholder notice in advance of stockholder meeting).

⁶² Exchange Act Rule 17ad-9(d), 17 CFR 240.17Ad-9(d).

⁶³ When monitoring for overissuance, a transfer agent may be referred to as a "registrar." See Exchange Act Section 3(a)(25), 15 U.S.C. 78c(a)(25).

⁶⁴ Exchange Act Rule 17ad-6, 17 CFR 240.17Ad-6.

regarding the issuance and transfer of a specific security or the holdings of a specific securityholder. The transfer agent rules do not define transfer journal nor codify requirements with respect to the transfer journal.

2. Securities Transfers, Exchanges, and Conversions

Transfer agents are integrally involved in effecting transfers of ownership of securities, as well as exchanging and converting securities.⁶⁵ For uncertificated securities, transfer agents effect book-entry transfers by registering the change in ownership on the master securityholder file, which does not involve the physical issuance and cancelling of securities certificates. The term “registering” means an official form of recording by a person charged with that function, which is accomplished under Exchange Act Rules 17ad-9(h) and 17ad-10(a) by updating the master securityholder file, as discussed above.⁶⁶ For the transfer of certificated securities, several rules apply, including Rule 17ad-19 regarding certificate cancellation and Rule 17ad-12 regarding the safeguarding of cancelled certificates.⁶⁷

3. Securities Issuance

Transfer agents are also involved in the issuance of securities, which may be one of the final stages before completing a certificate transfer or could involve a primary offering of securities such as an initial public offering. Upon issuing a new security to a transferee, the transfer agent must credit the securities account of the transferee receiving the new security. Under Rule 17ad-1(d), posting the new ownership information to the master securityholder file changes the ownership information of the securities account and “completes registration of change in ownership of all or a portion of those securities.”

⁶⁵ The terms “exchange” and “conversion” are used in Exchange Act Section 3(a)(25) and in the Commission’s transfer agent rules but are not defined in the Commission’s transfer agent rules. The term “exchange” is commonly used to refer to the trading of specific securities for another asset, usually without an accompanying change in ownership. The term “conversion” is commonly used to refer to the changing into or substitution of one security for another security or asset under specific conditions, also without an accompanying change in ownership.

⁶⁶ Book-entry transfer may be accomplished through DTC’s DRS using DTC’s Profile Modification System. Once the transfer has been effected, the investor receives from the transfer agent a statement of ownership that acknowledges his or her new DRS position. See *supra* note 20.

⁶⁷ See 2015 Concept Release, *supra* note 4, at 81972-73 for a more fulsome description of the transfers of certificated securities.

4. Corporate Actions and Related Services

A corporate action is an event in the life of a security, typically instigated by the issuer, which affects a position in that security.⁶⁸ Examples of common corporate actions include changes that affect capital structure, such as a merger or acquisition, and distributions to securityholders, such as a dividend distribution or principal or interest payment on a debt security. Corporate actions may also include bankruptcy or liquidation proceedings, conversions, warrants, exchange offers, subscription rights, tender offers, and other events.⁶⁹ Generally, corporate actions can be divided into two broad categories: mandatory and voluntary (sometimes referred to as “elective”). Mandatory corporate actions usually affect all securityholders equally and the securityholder does not have different options from which to choose; voluntary corporate actions usually allow securityholders to choose among one or more different elections they can make.

Transfer agents may perform a variety of roles and provide a variety of services, depending on the type and nature of the corporate action. For example, a transfer agent may take on the role of exchange agent in a mandatory corporate action, such as a stock-for-stock merger or a cash-for-stock merger. In such circumstances, under Rule 17ad-10, the transfer agent performing exchange agent services generally must update the master securityholder file with certificate details within five business days. But because the transfer associated with some of the most common corporate actions qualify as non-routine items under Rule 17ad-1, including transfers “in connection with a reorganization, tender offer, exchange, redemption, or liquidation,”⁷⁰ the general three business day deadline for turnaround of routine items under Rule 17ad-2 may not apply. However, if a transfer agent makes a determination that a transfer does fall within Rule 17ad-1(i)(5) and therefore is non-routine, Rule 17ad-6(a)(11) requires the transfer agent to maintain records documenting the basis for this determination.⁷¹ Other aspects

⁶⁸ Simmons and Dalgleish, *Corporate Actions: A Guide to Securities Event Management* 3-5 (2006).

⁶⁹ See *id.* (categorizing major types of corporate actions).

⁷⁰ Exchange Act Rule 17ad-1(i)(5), 17 CFR 240.17Ad-1(i)(5).

⁷¹ A large portion of specific records that transfer agents are required to maintain under Rule 17ad-6 and to retain for different periods of time under Rule 17ad-7 relate to: (i) the classification of an item as routine or non-routine; (ii) tracking the compliance of the transfer agent with the

of the processing of the corporate action may cause the corporate action to be classified as non-routine as well.⁷²

Voluntary corporate actions, which permit securityholders to choose among different options, may result in the need for additional tasks and systems for transfer agents to process them. For example, in addition to the ordinary recordkeeping tasks, the transfer agent may be responsible for monitoring whether elections have been made by deadlines and for tracking such elections.

In addition to the examples discussed above, transfer agent roles in connection with corporate actions may also include serving as: (i) tender agent, when the transfer agent collects shares surrendered from securityholders and makes payments for the shares at a predetermined price; (ii) exchange agent, when the transfer agent collects shares surrendered from securityholders and issues, registers, and/or distributes shares of the bidding company’s securities as compensation for tendered securities of the subject company; (iii) subscription agent, when the transfer agent invites existing equity securityholders of an issuer to subscribe to a new issuance of additional debt or equity of the issuer; (iv) conversion agent, for example when the transfer agent converts debt securities into equity securities; and (v) escrow agent, when the transfer agent holds an asset on behalf of one party for delivery to another party upon specified conditions or events. Finally, transfer agents providing corporate action services may be subject to Rules 17ad-12 and 17ad-13, regarding safeguarding requirements for funds and securities and an annual audit of internal control of safeguarding procedures.

5. Annual Meeting, Proxy-Related Services, and Securityholder Services and Communications

One of the key rights of securityholders is the right to vote their shares on important matters that affect the companies they own. Pursuant to state corporate law, registered securityholders may either attend a meeting to vote shares in person or authorize an agent to act as their “proxy” at the meeting to vote their shares pursuant to their voting instructions.⁷³ Because most

performance standards for turnaround of routine items under Rule 17ad-2(a); and (iii) the performance standards for processing of all items pursuant to Rule 17ad-2(b).

⁷² Exchange Act Rule 17ad-1(i), 17 CFR 240.17Ad-1(i).

⁷³ See Del. Code Ann. tit. 8, § 212 (b), (c). A full discussion of the proxy system is beyond the scope

securityholders do not physically attend public company securityholder meetings, the corporate proxy is the principal means by which they exercise their voting rights.

The process in the United States for distributing proxy materials and soliciting, tabulating, and verifying votes by securityholders is complex, especially with respect to beneficial securityholders.⁷⁴ Most corporate issuers and securities intermediaries such as banks and brokers rely on a proxy service firm to perform these functions, which may include distributing and forwarding the proxy materials and collecting and tabulating voting instructions. Alternatively, some issuers choose to engage their transfer agents for certain parts of the proxy distribution process, such as printing and distributing proxy materials either directly to registered securityholders or to intermediaries, which will then distribute them to beneficial owners either through the mail or electronically. Providing these services may be a natural extension of a transfer agent's core functions because most transfer agents will already possess and maintain the master securityholder file listing the issuer's registered securityholders, will have the infrastructure in place to communicate with registered securityholders, and will be in a position to reconcile the identity of registered voters and the number of votes against the official records of the issuer.⁷⁵ Typical transfer agent proxy services might include mailing or electronically transmitting notices of meetings,⁷⁶ proxy statements, and proxy cards⁷⁷ to securityholders.

All transfer agents also provide some level of securityholder communications services. The level of services may depend on the type or size of the issuer,

but at a minimum, most transfer agents facilitate the mailing of quarterly and annual statements with details of holdings, transaction confirmations, and letters or communications confirming other transactions, such as address-change confirmations. Many transfer agents also provide tax reporting services, including sending tax forms such as W-9, W-8BEN, 1099-DIV, and 1099-B.

Most transfer agents also receive and respond to inquiries and requests by securityholders and non-securityholders.⁷⁸ Requests may involve a transfer (for example, a gift of fund shares from one family member to another) or a change in the securityholder's account, such as an address change or different election regarding dividend reinvestment. For transfer agents to open-end mutual funds, transfers may involve a purchase (*i.e.*, a "subscription") or sale (*i.e.*, a "redemption") of the fund's shares. Transfer agents may receive inquiries as well, which may not require processing a transaction or account change, but may involve merely answering questions about the securityholder's account or regarding the issuer generally.⁷⁹ Requests and inquiries are transmitted to transfer agents through various methods, including by telephone, mail, facsimile, email, internet, mobile communication device, and in-person. The predominance of telephone and other forms of electronic communication as favored methods for securityholders to communicate with issuers and their transfer agents, including the use of standardized protocols over the internet, means that managing sizable call centers and other customer service departments, with many representatives fielding calls and

other message-traffic, has become a critical aspect of the transfer agent-issuer relationship.

One aspect of these securityholder services is lost certificate replacement. If a securityholder loses a certificate, the old certificate must be cancelled and new shares issued, either in certificated or book-entry form. Transfer agents facilitate this process by processing the request and replacing the lost or missing certificate. Generally, the securityholder will be required to fill out a declaration, affidavit, or other form with identifying information and a description of the circumstances giving rise to the loss and pay a fee to the transfer agent for processing the request. Most transfer agents will also require a surety bond to indemnify the issuer and transfer agent against any potential losses in connection with the missing or replacement certificate in the event it is later presented for transfer or conversion. The transfer agent will then report the lost or missing certificate to the Lost and Stolen Securities Program operator pursuant to Rule 17f-1.

D. Overview of the Proposal

Based on the Commission's experience regulating and supervising registered transfer agents, the Commission is proposing to update the transfer agent rules to address the way in which modern transfer agents carry out their transfer agent activities and the risks posed by those activities to investors, the national clearance and settlement system, and the U.S. securities markets as a whole. Accordingly, as summarized below in Table 1, the Commission is proposing to update Forms TA-1 and TA-2, amend several existing rules, rescind one rule, and add two new rules.

TABLE 1—OVERVIEW OF PROPOSED CHANGES

Overview of Proposed Changes	
Amendments to Forms	Form TA-1. Form TA-2.
Amendments to Existing Rules	17ac2-1—Registration. 17ac2-2—Annual Reporting. 17ad-1 and 17ad-9—Definitions. 17ad-2—Turnaround. 17ad-3—Limitations on Expansion.

of this release. For more information on the proxy system, *see* Proxy Concept Release, *supra* note 21.

⁷⁴ Beneficial owners holding securities in street name are not technically entitled to vote shares or grant proxy authority. Rather, the voting rights reside with Cede & Co. as the record owner of all street name shares. However, because Cede & Co.'s role is only that of nominee for DTC as custodian and it has no beneficial interest in the shares, mechanisms have been developed in order to pass the legal rights it holds as the record owner to the beneficial owners, enabling them to vote. For a

more comprehensive discussion of these and other issues relating to the U.S. proxy and indirect holding systems, *see* Proxy Concept Release, *supra* note 21.

⁷⁵ *See* Proxy Concept Release, *supra* note 21.

⁷⁶ *See, e.g.*, Del. Code Ann. tit. 8, § 222 (2001). *See also* Del. Code Ann. tit. 8, § 232 (2001).

⁷⁷ In cases where the issuer is relying upon the notice and access model of proxy statement distribution, the proxy card must be mailed even if the proxy statement is not mailed by the issuer. *See* Final Rule: Internet Availability of Proxy Materials,

Exchange Act Release No. 55146, 10 (Jan. 22, 2007), 72 FR 4148 (Jan. 29, 2007).

⁷⁸ Several Commission rules address securityholder inquiries. *See* Exchange Act Rule 17ad-5, 17 CFR 240.17Ad-5 (written inquiries and requests); Exchange Act Rules 17ad-6, 7, 17 CFR 240.17Ad-6, 7 (recordkeeping and retention requirements regarding inquiries and requests).

⁷⁹ Inquiries about the securityholder's account may relate, for example, to matters such as dividend reinvestment or other account options.

TABLE 1—OVERVIEW OF PROPOSED CHANGES—Continued

Rescission of Existing Rule	17ad-6—Recordkeeping 17ad-7—Record Retention. 17ad-10—Prompt Posting. 17ad-11—Reports (title only). 17ad-12—Safeguarding. 17ad-17—Lost Securityholders. 17ad-4—Applicability of Rules 17ad-2, 17ad-3, and 17ad-6(a)(1) through (7) and (11).
New Rules	Rule 17ad-30—Compliance Program. Rule 17ad-31—Restrictive Legends.

II. Proposed Amendments to Registration and Annual Reporting Requirements

Exchange Act Section 17A(c)(2) provides that a transfer agent may be registered by filing an application in such form and containing such information and documents concerning the transfer agent and any persons associated with the transfer agent as the ARA may prescribe as necessary or appropriate in furtherance of the purposes of the Exchange Act.⁸⁰ As explained above, those purposes include, among other things, protecting investors, facilitating the prompt and accurate clearance and settlement of securities transactions, and the safeguarding of funds and securities.⁸¹ Exchange Act Section 17A(d)(1) empowers the Commission with authority to prescribe for registered transfer agents engaging in any activity as transfer agents such rules and regulations as necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Exchange Act.⁸² As discussed above, pursuant to that authority, transfer agents are required to file a Form TA-1 to register as a transfer agent, a Form TA-2 each year to provide annual disclosures, and a Form TA-W when they withdraw from registration.⁸³

The Commission uses the information on Forms TA-1 and TA-2 to fulfill its statutory duties, including its duty to protect investors, facilitate the establishment of the national market system and the national clearance and settlement system, and advance the public interest. For example, Form TA-1 and Form TA-2 are necessary for the Commission to gather sufficient information to understand the nature and scope of the business conducted by

the transfer agent, the specific activities engaged in by the transfer agent, and identify and collect the disciplinary history of the persons who may exercise direct or indirect control over the transfer agent. This information is necessary for the Commission to identify transfer agents, review and assess an entity's registration application, determine whether there are statutory grounds to deny, suspend, or revoke the entity's registration, and identify and assess the risks the transfer agent and its activities may pose to the securities markets, the national clearance and settlement system, investors, and the public interest. Once a transfer agent is registered, Commission staff use the information on Form TA-2 to maintain current information about individual registered transfer agents, review and identify trends in transfer agent activities both with respect to individual transfer agents and across the industry as a whole, evaluate individual transfer agents' compliance with Commission rules, identify compliance issues and trends that may require policy interventions, compliance examinations, or enforcement actions, and develop and evaluate appropriate regulatory standards for transfer agents, including evaluating the costs and benefits of potential rulemaking. As noted above, the Commission's Division of Examinations may use the information on Forms TA-1 and TA-2 to help identify risks and better understand a transfer agent's business during an examination. Similarly, the Commission's Division of Economic and Risk Analysis ("DERA") uses the information on Forms TA-1 and TA-2 to analyze the potential economic effects of Commission rulemaking and other Commission actions, and to develop reports, analytics, and other information to support the Commission's policy initiatives, examination function, and enforcement actions.⁸⁴

The Commission has observed over time that, as the nature and scope of transfer agents' activities within the securities markets and the national clearance and settlement system have changed and expanded, the limited information disclosed on Forms TA-1 and TA-2 is no longer sufficient in supporting the Commission to meet its statutory duties under the Exchange Act. For example, the risk profile of a transfer agent that is part of a multi-national conglomerate and provides dozens of loosely-related services across multiple markets all under a single registered transfer agent will differ from a small corporation or limited liability company that primarily provides transfer and recordkeeping services for small- and mid-cap equity issuers. Yet because Forms TA-1 and TA-2 were created at a time when nearly all non-bank transfer agents had a straightforward corporate organization and primarily engaged in traditional transfer and related activities, the limited information on the forms does not permit the Commission to distinguish between them without issuing a regulatory document request, conducting a formal examination, or otherwise seeking additional information not already disclosed on the forms. Similarly, the risks to investors, the markets, and the national clearance and settlement system posed by the specific activities engaged in by a person or entity that registers as a transfer agent because, for example, it engages in wallet whitelisting (*i.e.*, determining whether a wallet address meets the credentialing requirements required for certain activities, such as holding tokenized securities or other crypto assets) and incorporates distributed ledger technology as a component of its master securityholder file will differ from the risks posed by the activities engaged in by a mutual fund transfer agent that processes purchases and redemptions, calculates net asset value, and whose transaction processing in general may be more complex or involve additional responsibilities as compared to a

⁸⁰ Exchange Act Section 17A(c)(2), 15 U.S.C. 78q-1(c)(2).

⁸¹ See Exchange Act Section 17A(a)(1)(A), 15 U.S.C. 78q-1(a)(1)(A).

⁸² Exchange Act Section 17A(d)(1), 15 U.S.C. 78q-1(d)(1).

⁸³ For a detailed and comprehensive overview of the existing registration, reporting, and disclosure requirements applicable to registered transfer agents, see 2015 Concept Release, *supra* note 4.

⁸⁴ See Transfer Agent Data Sets, <https://www.sec.gov/data-research/sec-markets-data/transfer-agent-data-sets>.

transfer agent for an operating company.⁸⁵ Yet, again, the information on the forms does not permit the Commission to identify and understand the full scope of those activities, much less the risks they pose because the forms were developed and adopted at a time when certain technologies did not exist and transfer agent activities were carried out in a significantly more limited way than they are today.

To ensure that Forms TA-1 and TA-2 continue to support the Commission's ability to fulfill its statutory duties, especially in consideration of the expanded scope of transfer agents' activities as discussed throughout this release, the Commission is proposing amendments to Forms TA-1 and TA-2. We discuss the specific proposed amendments to each form and related Commission rule in turn below.

A. Proposed Amendments to Rule 17ac2-1

As noted above, under existing Rule 17ac2-1, a transfer agent's registration automatically becomes effective 30 days after the Form TA-1 is filed, unless the ARA takes affirmative action to accelerate, deny, or postpone registration in accordance with the provisions of Section 17A(c) of the Exchange Act.⁸⁶ However, Section 17A(c)(2) of the Exchange Act specifies that a transfer agent's registration shall become effective 45 days after receipt of the Form TA-1 application, or within such shorter period of time as the ARA may determine.⁸⁷

The Commission has observed over time that 30 days is often insufficient to determine whether to accelerate, deny, or postpone a registration application, which often requires additional research into the entity and its control persons, outreach to the applicant for additional information or clarification of the application, and consultation and coordination among Commission staff in

multiple divisions and offices related to legal, regulatory, and other issues. Accordingly, the Commission is proposing to amend paragraphs (a) and (b) of Rule 17ac2-1 to specify that an application for registration would become effective 45 days after filing of the application for registration, or any amendment to a pending application for registration, rather than 30 days which the existing rule specifies. This would provide the Commission with additional time to determine whether to act on a registration application, as required by the Exchange Act, and would enhance consistency between the rule and statutory provision.⁸⁸

B. Proposed Amendments to Rule 17ac2-2

The Commission is proposing to amend Rule 17ac2-2 to require that, if a transfer agent discovers that any of the information reported on Form TA-2 was materially inaccurate, misleading, or incomplete at the time of filing, the transfer agent shall correct the information by filing an amendment to Form TA-2 pursuant to the instructions on the form to correct such information within 60 days following the date on which the transfer agent discovered that such information was materially inaccurate, misleading, or incomplete. The existing rule provides that a transfer agent *may* file an amendment to Form TA-2 to correct information that has become inaccurate, incomplete or misleading; it does not *require* filing of the amendment, nor does it specify a time period in which such corrections should be made.⁸⁹ The proposed amendment differs from the existing requirement to amend Form TA-1 if information *becomes* materially inaccurate, misleading, or incomplete. Unlike Form TA-1, Form TA-2 is used to report transfer agent activities from the prior year reporting period and is required to be filed annually and

therefore the information disclosed on Form TA-2 would not become inaccurate, incomplete, or misleading before the next year's Form TA-2 is required to be filed. Instead, a transfer agent may discover that the information on its Form TA-2 was inaccurate, incomplete, or misleading at the time of filing and therefore the transfer agent may need or want to amend its filing with corrected information. Commission staff have received questions from transfer agents regarding whether they should file a Form TA-2 amendment after discovering that certain information on their form was inaccurate at the time of filing. This proposed amendment would address these issues by specifying that, if the information on its Form TA-2 was materially inaccurate, incomplete, or misleading at the time of filing, under the proposed rule, the transfer agent would be required to amend its Form TA-2 to correct such information, within 60 days of discovering such deficiency. The amendment would align the time frame of 60 days for filing required amendments in Rule 17ac2-2 with Rule 17ac2-1, which requires transfer agents to file required amendments to Form TA-1 within 60 days.⁹⁰

C. Proposed Amendments to Form TA-1

The Commission is proposing to amend the instructions for Form TA-1 to improve the quality of information provided in connection with several existing questions, add new questions that would provide additional information that ensures the form continues to support its intended purpose, and remove two questions that are duplicative of information required to be reported and updated annually on Form TA-2. Table 2 below provides an overview of the proposed amendments to Form TA-1.

TABLE 2—COMPARISON OF EXISTING FORM TA-1 REQUIREMENTS WITH THE PROPOSED AMENDMENTS

Existing Form TA-1 requirement	Proposed TA-1 requirement
1(a). Filer CIK	Form Instructions would be updated to provide full terms for abbreviations CIK and CCC.
1(b). CCC	
1(f)(i–iii). Contact Name, Phone Number, Email Address.	
3(a). Full Name of Registrant	Form and Form Instructions would be updated to require that the individual listed as the contact be authorized to receive all compliance communications for the registrant and have responsibility for disseminating them as appropriate within the registrant's organization.
6. Service companies (transfer agents) engaged by Registrant.	Form Instructions would be updated to state that complete and accurate legal name is required. Existing Question 6 would be removed; similar information disclosed on Form TA-2.

⁸⁵ See 2015 Concept Release, *supra* note 4, at Section VII.C.2. For a detailed discussion of transfer agents to mutual funds, see 2015 Concept Release, *supra* note 4, at Section VII.C.

⁸⁶ Exchange Act Rule 17ac2-1(a), 17 CFR 240.17Ac2-1(a); SEC Form TA-1, General Instruction G, 17 CFR 249b.100.

⁸⁷ Exchange Act Section 17A(c)(2), 15 U.S.C. 78q-1(c)(2).

⁸⁸ Exchange Act Section 17A(c)(3), 15 U.S.C. 78q-1(c)(3).

⁸⁹ See Exchange Act Rule 17ac2-2(a), 17 CFR 240.17Ac2-2(a).

⁹⁰ Exchange Act Rule 17ac2-1(c), 17 CFR 240.17Ac2-1(c).

TABLE 2—COMPARISON OF EXISTING FORM TA-1 REQUIREMENTS WITH THE PROPOSED AMENDMENTS—Continued

Existing Form TA-1 requirement	Proposed TA-1 requirement
7. Registrant engagements to act as a service company.	Existing Question 7 would be removed; similar information disclosed on Form TA-2.
8. Form of business organization ...	Checkboxes would be added for “Limited Liability Company” and “Trust.”
8(a). Section for Reporting Additional Persons (Disclosure of owners, control persons).	Form and Form Instructions would be updated to specify the individuals that must be disclosed in response to Question 8.
11(a–d). Signature Block	Form would be updated to include language regarding the Commission’s authority to examine all records of registered transfer agents.
12. Attachments	Attachment would be required of organizational diagram depicting relationship between the transfer agent and its control affiliates.
None	New Question 3(f) would require disclosure of registrant’s website address.
None	New Question 6(a) would require disclosure of registrant’s other SEC registrations, if any.
	New Question 6(b) would require disclosure of registrant’s other federal, state, or foreign registrations, if any.
None	New Question 7 would require disclosure of any control affiliate of the registrant, and any federal, state or foreign registration of such affiliate and the registration number.
	Technical Amendments:
	In Question 2, the checkbox for Office of Thrift Supervision would be removed.
	In Question 10, references to 8(b) and 8(c) in definition of control affiliate would be removed.
	In Signature Block, references to SEC supplement and Schedules B–D would be removed.
	In Instructions “Who Must File,” threshold for Section 12(g)(1) would be removed.

The proposed changes to Form TA-1 are discussed more fully below.

1. Proposed Changes to Form TA-1 Instructions

The Commission is proposing to amend the instructions for use of Form TA-1 for the questions discussed below to promote clarity regarding the required information and to improve the quality, consistency, and comparability of the information provided in response.

Form TA-1 Questions 1(a) and 1(b) (filer CIK and CCC, respectively) would not change, but the form instructions would be updated to state that “CIK” is an abbreviation for “Central Index Key,” which is the unique number the Commission assigns to each filer to distinguish it from other filers, including those with similar names. Similarly, the form instructions would be updated to note that “CCC” is an abbreviation for “CIK Confirmation Code,” which is a unique code that each filer needs to make filings, and to retrieve and edit the filer’s data on EDGAR. Commission staff routinely receive questions from prospective registrants regarding the meaning and importance of these terms. Providing these clarifications would provide that information uniformly to all potential registrants and help improve the clarity and transparency of the form.

Form TA-1 Question 1(f) (contact name, phone number, and email address) would not change, but the form instructions would be updated to require that the contact listed in response to Question 1(f) must be an individual authorized to receive all compliance communications for the

registrant with responsibility to disseminate them as appropriate within the registrant’s organization. In Commission staff’s experience, the contact information provided in response to Question 1(f) is not always an individual with knowledge of the registration application or the authority to speak to Commission staff regarding the application. This can hinder the Commission staff reviewing the application from conveying important information to the potential registrant and obtaining information or responses necessary to continue processing the application, and otherwise frustrate, delay, or prevent the application review process. This proposed change is in the public interest and would help ensure that transfer agents complete the form consistently and accurately, and that Commission staff are able to follow up effectively with the registrant regarding any questions on the content of the filing or other supervisory matters, both while the registration application is pending and on a going forward basis for as long as the transfer agent remains registered. However, because this information contains personally identifiable information, it is not made publicly available on EDGAR and is only available to the Commission and its staff.

Form TA-1 Question 3 (full name of registrant) would not change, but the form instructions would be updated to specify that registrants must provide the complete and accurate legal name of the entity that is registering as a transfer agent. Because the field for Question 3 is auto-populated based on the applicant’s Form ID, applicants should

ensure that they use the complete and accurate legal name of the entity that is registering when completing the Form ID.⁹¹ This information is necessary for the Commission’s review of the application to ensure that, if the application is approved, the correct legal entity is registered, and to ensure that investors and other members of the public are able to identify the correct legal entity acting as a transfer agent. In Commission staff’s experience, however, prospective registrants do not always provide this information consistently or completely, so updating the instructions would help remind filers of this responsibility.

Form TA-1 Questions 8–10 require disclosure of background information for the owners and other control persons of independent, non-issuer transfer agents, “with a particular emphasis on whether offenses have been committed by these persons, and therefore, whether the transfer agent’s association with a particular individual would have an impact on the transfer agent’s ability to perform its functions properly.”⁹² When the proposed changes were adopted in 1986, the final amended Form TA-1 included a “Supplement to Form TA-1” that required disclosure of

⁹¹ For more information on Form ID, see Rule 10 of Regulation S-T, 17 CFR 232.10; Edgar Filer Manual Vol. I Section 3.

⁹² Revised Transfer Agent Forms and Related Rules, Exchange Act Release No. 21950 (Apr. 17, 1985), 50 FR 15912 (Apr. 23, 1985), 15913. When this information was first proposed to be added to Form TA-1 in 1985, it paralleled similar questions then being added to a revised version of Form BD and the Uniform Application for Broker-Dealer Registration and related Form U-4 utilized by what was then known as the National Association of Securities Dealers (now FINRA). *Id.*

owner and control person information for different entity types on difference schedules (*i.e.*, corporations, partnerships, etc.), and the form instructions provided a definition of “control” (*e.g.*, C-suite executives, general partners, etc.) for each entity type and specified that a 25 percent or higher ownership stake qualified as control.⁹³ When electronic filing was mandated in 2006, the schedules were replaced by drop down menu items and the detailed instructions defining control persons and level of ownership were truncated and moved to the EDGAR Filer Manual.⁹⁴

In the Commission’s experience since 2006, however, without detailed instructions specifying who must be disclosed in response to Question 8, filers do not apply a consistent definition or approach to responding to the question, which hinders the Commission in obtaining and evaluating this important information. Accordingly, while Form TA–1 Question 8(a) (section for reporting additional persons) would not change, the form instructions would be updated to reintroduce the instructions from prior iterations of the form that define control persons for corporations and partnerships and add comparable instructions for trusts and limited liability companies to account for other common types of business entities that modern transfer agents choose to take. Specifically, the instructions would specify that registrants must provide the full names of the following owners, executive officers, or other control persons in response to Question 8(a):

- Each Chief Executive Officer, Chief Financial Officer, Chief Operations Officer, Chief Legal Officer, Chief Compliance Officer, director, and any other persons with similar status or functions.
- If the registrant is organized as a corporation, each person that is a direct or indirect beneficial owner of 5% or more of any class of the registrant’s equity securities.
- If the registrant is organized as a partnership, all general partners and each limited and special partner that have contributed 5% or more of the registrant’s capital.
- In the case of a trust, (i) a person that directly owns 5% or more of a class of the registrant’s voting securities, or that has the right to receive upon dissolution, or has contributed, 5% or

more of the registrant’s capital, (ii) the trust, and (iii) each trustee.

- If the transfer agent is organized as a limited liability company (“LLC”), (i) each member that has the right to receive upon dissolution, or has contributed, 5% or more of the registrant’s capital, and (ii) if managed by elected managers, all elected managers.

In addition, the form instructions would be updated to provide definitions for “person” and “control” to assist registrants in responding to Question 8(a). For purposes of Form TA–1, the term “person” would be defined as an individual, partnership, corporation, trust, or other organization, consistent with the definition of person used in other Commission registration forms.⁹⁵ The term “control” would be defined as the power to direct, or cause the direction of, the management or policies of a person, whether through ownership, by contract, or otherwise, consistent with the definition of control in the prior iteration of Form TA–1.⁹⁶ In addition, any person that is a director, partner, or officer exercising executive responsibility (or having similar status or functions) or that directly or indirectly has the right to vote 25% or more of the voting securities or is entitled to 25% or more of the profits would be presumed to be a control person, as indicated in the prior iteration of Form TA–1.⁹⁷ This information would help to inform the Commission’s understanding of the ownership structure of the transfer agent and in identifying who ultimately controls the transfer agent and its policies and procedures. The information requested would also inform the Commission about any future changes in control of the transfer agent, given the requirement to amend Form TA–1 whenever any reported information becomes inaccurate, misleading, or incomplete. This information is critical, both to the Commission’s assessment of the registration application, and to its ongoing supervision of the registered transfer agent for the duration of the transfer agent’s registration, because it will allow the Commission to better understand, for example, potential conflicts, concentration in the industry,

and the potential disciplinary history of control persons.

Form TA–1 Question 11 (signature block) would not change, but the form would be updated with a statement regarding the Commission’s authority to examine all records of registered transfer agents pursuant to Section 17(b) of the Exchange Act.⁹⁸ In the Commission’s experience, certain transfer agents are unaware of their obligation to permit examination of the transfer agent’s records pursuant to Section 17(b) of the Exchange Act, and therefore refuse to produce records requested in connection with an examination or attempt to limit the records they produce in response to records requests from Commission staff. A transfer agent’s refusal to permit examination of records clearly within the scope of Section 17(b) of the Exchange Act frustrates and delays examinations and hinders the Commission’s ability to carry out its regulatory and oversight responsibilities. Including language on the Form TA–1 reminding transfer agents of their statutory obligation to permit examination of their records should help ensure that transfer agents are aware of their statutory obligations and could help reduce instances of non-compliance. Accordingly, the proposed statement preceding a registrant’s signature would be as follows: “Pursuant to Section 17(b) of the Securities Exchange Act of 1934, all records of registered transfer agents are subject to examination by SEC staff. If a registered transfer agent does not comply with Section 17(b), the Commission may seek all available relief against that transfer agent in district court and/or an administrative proceeding. Such relief includes, but is not limited to, an injunction, denial, suspension, and/or revocation of registration, and civil penalties. The registrant submitting this Form, and the person signing the Form, acknowledge that they understand and will comply with the requirement to make records available for examination. If, at any point, the firm believes it is unable to comply with its obligations to provide its records to SEC staff for examination, the firm should consider whether it needs to withdraw from registration.”

⁹³ See Revised Transfer Agent Forms and Related Rules, *supra* note 48.

⁹⁴ See Electronic Filing of Transfer Agent Forms Release, *supra* note 41, at 5; EDGAR Filer Manual, Volume II (June 2025) at 8–185.

⁹⁵ The proposed definition of “person” is consistent with the definition of “person” used for broker-dealers required to register on Form BD, investment advisers required to register on Form ADV, municipal advisors required to register on Form MA, and funding portals required to register on Form Funding Portal. See 17 CFR 249.501, 17 CFR 279.1, 17 CFR 249.1300, and 17 CFR 249.2000.

⁹⁶ See Revised Transfer Agent Forms and Related Rules, *supra* note 48.

⁹⁷ See *id.*

⁹⁸ Section 17(b) of the Exchange Act provides that “All records of persons described in subsection (a) of this section [*i.e.*, transfer agents] are subject at any time, or from time to time, to such reasonable, periodic, special, or other examinations by representatives of the Commission and the [appropriate ARA] as the Commission [or the appropriate ARA] deems necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of this chapter.”

With this language on the form, each time an officer of the transfer agent signs Form TA-1 (either the initial filing or an amendment), they would be acknowledging that they understand, and will comply with, the obligation of the registered transfer agent to provide records to the Commission upon request.

2. Proposed Changes to Form TA-1 Reporting Requirements

The Commission is proposing to amend Form TA-1 to remove two existing questions regarding service company arrangements and to add questions requiring registrants to report additional information, as described more fully below.

Form TA-1 would be amended to remove existing Questions 6 and 7 regarding registrant service company arrangements as this information is duplicative of information that is required to be disclosed and updated annually in response to Question 2 on Form TA-2. The corresponding instructions related to existing Questions 6 and 7 would also be removed. As a result, a transfer agent's service company arrangements would not be disclosed on Form TA-1 (but would be disclosed and updated annually on Form TA-2). Given the requirement in Rule 17ac2-1(c) for transfer agents to file an amendment within 60 days if any information on Form TA-1 becomes inaccurate, misleading, or incomplete,⁹⁹ the Commission also would no longer be informed within 60 days of each change in a transfer agent's service company arrangements. However, because Form TA-2 requires registered transfer agents to report all service company arrangements from each prior calendar year reporting period,¹⁰⁰ the Commission will receive an annual summary of these arrangements on Form TA-2 by the filing deadline each year. Therefore, this proposed change would not materially impact the Commission's oversight of transfer agent operations with respect to service company arrangements.

Form TA-1 would be amended to add new Question 3(f), which would require disclosure of the registrant's website address. A website address would assist the Commission in evaluating applications for registration and in overseeing registered transfer agents.

Form TA-1 would also be amended to add new Question 6(a) regarding the applicant's other registrations with the Commission, new Question 6(b) regarding the applicant's other federal, state, or foreign registrations, and new Question 7 regarding the applicant's control affiliates. Existing Questions 8 and 9 require disclosure of the applicant's control persons, and Question 10 requires the applicant to disclose whether it or any of its control persons or control affiliates has been subject to investment-related criminal prosecutions, regulatory actions, or civil actions. The definition of control affiliate is broad and includes, among other things, an individual or firm that is under common control with the applicant.¹⁰¹ As a result, the disciplinary history for transfer agents that are part of a larger corporate family of registered entities can include information related to multiple entities that are registered with the Commission or other regulators in different capacities. For example, if a transfer agent's parent company also controls a bank, a broker-dealer, and an investment adviser, the transfer agent's Form TA-1 needs to include the disciplinary history for the affiliated bank, broker-dealer, and investment adviser in response to Question 10. However, in the Commission's experience, transfer agent applicants do not always provide full and complete information regarding control person and control affiliate disciplinary history when completing the Form TA-1. This then requires the Commission staff reviewing the application to either manually search for other registrations—a laborious undertaking¹⁰²—or risk processing the application with incomplete or inaccurate information. This could be addressed by including information on the Form TA-1 regarding the registrant's additional registrations and registration numbers, which would allow the Commission staff reviewing an application to cross-reference the applicant's other registrations without either relying on the registrant to accurately and timely update or complete its other registrations, or conduct a laborious and time-consuming manual search. This in turn would facilitate the Commission's ability to evaluate and act on transfer agent registration applications within

the limited time permitted under the Exchange Act.¹⁰³

Accordingly, the Commission is proposing to amend Form TA-1 to add new Question 6(a), which would require applicants to disclose any other SEC registrations they hold, along with the corresponding SEC registration number. Similarly, new Question 6(b) would require registrants to disclose any other federal, state, or foreign registrations of the registrant, along with the associated registration number, if any. This information is similar to registration information requested of other Commission registrants,¹⁰⁴ should be readily available to the registrant and easily listed on the Form TA-1 and would allow the Commission to cross-reference those entities applying for registration as transfer agents with those that are already registered in another capacity with the Commission or another regulator without conducting a laborious and potentially inaccurate manual search for such registrations. This, in turn, would help ensure that the Commission has accurate and complete information to develop a comprehensive assessment of the applicant's control person and control affiliate disciplinary history across the full range of its regulated activities, which is necessary for the Commission to understand and assess the risks to investors, the securities markets, and the national clearance and settlement system posed by those persons, affiliates, and activities, which is consistent with promoting investor protection. It also would facilitate more efficient and effective examinations of transfer agents that are also registered in other capacities and develop a more comprehensive understanding of both individual transfer agents and the transfer agent industry as a whole.

Likewise, requiring the applicant to affirmatively identify its control affiliates in new Question 7 (as opposed to simply asking for the disciplinary history of its control affiliates) would allow the Commission to cross-check and validate applicant's disciplinary disclosures provided in response to Question 10 without relying exclusively on the applicant to provide a complete and accurate list of its control affiliates'

¹⁰³ A Form TA-1 registration automatically becomes effective 30 days after filing unless the Commission takes affirmative action to accelerate, deny, or postpone the registration in accordance with the provisions of Section 17A(c) of the Act. Exchange Act Rule 17Ac2-1(a), 17 CFR 240.17Ac2-1(a). As noted, we are proposing to amend Rule 17Ac2-1(a) to specify that registration would become effective 45 days after filing. *See supra* Section II.A.

¹⁰⁴ *See, e.g.,* Form MA and Form Funding Portal, 17 CFR 249.1300 and 17 CFR 249.2000.

⁹⁹ Exchange Act Rule 17ac2-1(c), 17 CFR 240.17Ac2-1(c).

¹⁰⁰ *See* Question 2 on Form TA-2 (Form for Reporting Activities of Transfer Agents Registered Pursuant to Section 17A of the Securities Exchange Act of 1934), 17 CFR 249b.102.

¹⁰¹ SEC Form TA-1, Question 10, 17 CFR 249b.100.

¹⁰² For example, there could be a slight variation in the entity's or an individual's name across different registration applications that could hinder a manual search or call the results into question.

disciplinary history, which would have the same benefits as new Questions 6(a) and 6(b) discussed above, including facilitating the Commission's ability to evaluate and act on transfer agent registration applications within the limited time permitted under the Exchange Act. Accordingly, the Commission is proposing to add new Question 7 to Form TA-1, which would supplement the existing requirement to disclose the disciplinary history for the applicant's control affiliates by requiring applicants to disclose in new Schedule A the name of any control affiliate, and any federal, state, or foreign registration of such control affiliate and the associated registration number.

In addition, Form TA-1 Question 12 would be amended to require a registrant to file an attachment to Form TA-1 containing a diagram depicting the relationship between the transfer agent and the control affiliates in its organizational structure. Transfer agents should be able to prepare an organizational chart suited to their operational structure, and limiting the chart to control affiliates would ensure the chart includes only the most relevant individuals or firms that would aid the Commission in understanding the nature of a transfer agent's regulated business operations and overall organizational control structure. This would enhance the Commission's ability to evaluate applications for registration as transfer agents, facilitate more efficient and effective examinations of transfer agents, and develop a more comprehensive understanding of both individual transfer agents and the transfer agent industry as a whole. In the Commission's experience, an accurate organization chart is often necessary to understand the structure of an organization and its affiliates, especially large organizations with many affiliates. This information will help to ensure that the Commission has accurate and complete information regarding a transfer agent's control structure, which would help the Commission understand and assess the risks to investors, the securities markets, and the national clearance and settlement system posed by the transfer agent and its control persons and affiliates, consistent with investor protection.

Form TA-1 Question 8 (form of organization) would be amended to provide checkboxes for two additional organization types: trusts and limited liability companies. Currently Question 8 provides the following checkboxes: Corporation, Partnership, Sole Proprietorship, Other, and Not

Applicable. The Commission has observed that many transfer agents are organized as trusts or limited liability companies and adding these additional checkboxes to Form TA-1 would aid registrants in responding to Question 8.

3. Technical Amendments to Form TA-1

The Commission is also proposing to make several technical amendments to Form TA-1 to remove information that is no longer necessary or accurate. Specifically, the option to select the Office of Thrift Supervision in Question 2 as an appropriate regulatory agency would be removed, as this agency has been abolished.¹⁰⁵ The definition of control affiliate in Question 10 would be amended to remove references to Questions 8(b) and 8(c), as those questions do not exist on Form TA-1. Similarly, the reference to the SEC supplement and Schedules B-D preceding the Form TA-1's signature block would be removed, as those items are no longer part of Form TA-1. Finally, the Form TA-1 instructions would be amended to remove outdated asset and holder thresholds under Section 12(g)(1) of the Exchange Act for exempt equity securities.

4. Request for Comment

The Commission requests comments on all aspects of the proposed amendments to Form TA-1. In particular, the Commission requests comments on the following:

1. Should the proposed 45 day effectiveness period apply uniformly to all transfer agent applications for registration regardless of size, complexity, or type of activities engaged in?

2. Should the Commission require less information to be disclosed on Form TA-1? Are there any specific questions or categories of information on the existing form that registrants believe are no longer necessary or useful to the Commission?

3. Should the Commission require transfer agents to designate more than one contact person on Form TA-1 to ensure continuity of compliance communications in the event the primary contact is unavailable?

4. Should the Commission require transfer agents to update their contact information more frequently than currently required, given the importance of maintaining current and accurate contact information for compliance communications? If so, what update frequency should be appropriate?

5. Does the service company information required to be disclosed on Form TA-2 provide the Commission with sufficient information regarding service company arrangements? Is there any additional information the Commission should require transfer agents to disclose on Form TA-1 or Form TA-2 regarding service company arrangements?

6. While registrants must disclose on Form TA-1 whether they or any of their control affiliates have been subject to criminal prosecution for investment related crimes, should this requirement be expanded to cover other types of criminal activity, such as theft or fraud outside of an investment context?

7. Should the Commission require all registrants to provide an attachment to their Form TA-1 with a diagram depicting the control affiliates in their organizational structure, or should the Commission provide an exemption from this requirement for small or less organizationally complex transfer agents? If so, what types of transfer agents should be exempt from the requirement to provide an organizational diagram?

8. More generally, does the proposed requirement to provide an attachment to the Form TA-1 with a diagram depicting their organizational structure impose a burden on any particular types of transfer agents?

9. Are the proposed checkboxes for "Limited Liability Company" and "Trust" as additional organization types in Question 8 sufficient to capture the full range of organizational structures used by transfer agents? Are there other organizational structures that should be added to the list of checkboxes?

10. Do the proposed definitions for "control" and "person" adequately cover the appropriate individuals and entities that should be disclosed on Form TA-1, or are the proposed definitions either too expansive or, conversely, too limited? Should the Commission consider alternative definitions or thresholds for determining who qualifies as a control person for purposes of Form TA-1?

11. Is any information that would be required by the proposed changes to Form TA-1 difficult for a transfer agent to provide? If so, why? Are there alternative approaches to collecting the same information that would be less burdensome for transfer agents, such as providing this information upon request, while still providing the Commission with the information it needs?

12. Should any information that would be required by the proposed changes to Form TA-1 (other than the

¹⁰⁵ Dodd-Frank Wall Street Reform and Consumer Protection Act., Public Law 111-203, 313, 124 Stat. 1376, 1523 (2010).

personal name and contact information in Question 1(f)) not be publicly disclosed?

D. Proposed Amendments to Form TA-2

The Commission is proposing to update the form instructions for several questions on Form TA-2 to further explain the required information. Additionally, the Commission is

proposing to introduce new requirements to provide additional information that the Commission considers important for determining the nature of the business conducted by transfer agents, monitoring their activities, evaluating compliance with Commission rules, informing Commission transfer agent policymaking, and supporting the Commission's statutory duty to facilitate

the establishment of a national clearance and settlement system for the prompt and accurate clearance and settlement of transactions in securities.¹⁰⁶ The Commission is also proposing to eliminate questions that would no longer be necessary if the proposed changes to Form TA-2 are adopted. Table 3 provides an overview of the proposed amendments to Form TA-2.

TABLE 3—COMPARISON OF EXISTING FORM TA-2 REQUIREMENTS WITH THE PROPOSED AMENDMENTS

Existing Form TA-2 requirements	Proposed Form TA-2 requirements
1(a). Filer CIK	Form Instructions would be updated to provide full terms for abbreviations CIK and CCC.
1(b). Filer CCC	
1(f)(i–iii). Contact Name, Contact Phone Number, Contact Email Address	
4(b). Number of individual securityholder accounts for which the TA maintained master securityholder files.	Form and Form Instructions would be updated to require that the individual listed as the contact employee be authorized to receive all compliance communications for the registrant and have responsibility for disseminating them as appropriate within the registrant's organization.
5(a). Total number of individual securityholder accounts, including accounts in the DRS, dividend reinvestment plans, and/or direct purchase plans as of December 31.	Form Instructions would be updated with information regarding how to count the number of individual securityholder accounts.
5(b). Number of individual securityholder dividend reinvestment plan, and/or direct purchase plan accounts as of December 31.	Existing Question 5 would be removed.
5(c). Number of individual securityholder DRS accounts as of December 31.	New Question 4(c) would require registrant to provide the total number of individual securityholder accounts by security type in a new table.
5(d). Approximate percentage of individual securityholder accounts from subsection (a) in the following categories as of December 31: 5(d)(i–vi).	Existing Question 6 would be removed. New Question 6(a) would require registrant to provide similar data in a new table.
6. Number of securities issues for which Registrant acted in the following capacities, as of December 31:	
6(a). Receives items for transfer and maintains master securityholder files.	
6(b). Receives items for transfer but does not maintain the master securityholder files.	Existing Question 7(a) and 7(b) would be incorporated into new Question 6(a).
6(c). Does not receive items for transfer but maintains master securityholder files.	
7(a). Number of issues for which dividend reinvestment plan, and/or direct purchase plan services were provided, as of December 31.	
7(b). Number of issues for which DRS services were provided, as of December 31.	Registrant would be required to report the number of issues for which paying agent services were provided as of December 31 in new Question 6(a). New Question 7 would require registrant to report all fund movements to/from securityholders as well as in-kind distributions to securityholders (not just dividend and interest disbursements). Question 9 would be revised to conform to Proposed Rule 17ad-2.
7(c). Dividend disbursement and interest paying agent activities conducted during the reporting period:	
• Number of issues (Question 7(c)(i)).	
• Amount (in dollars) (Question 7(c)(ii)).	Registrant would be required to report the total number of routine items it received during the reporting period and the number of routine items it failed to turn around or process within the shorter of one business day or the time period specified by Rule 15c6-1(a) of the Exchange Act for each month of the reporting period.
9(a)(i–ii). Turnaround Compliance	
• Number of months during the reporting period Registrant was not in compliance with the turnaround time for routine items (Question 9(a)(i)).	
• Number of written notices Registrant filed during the reporting period to report its noncompliance with the turnaround time for routine items (Question 9(a)(ii)).	Attachment would be required for a list of all issues serviced by registrant. New Questions 4(d) and (e) would require registrant to report on usage of physical certificates and distributed ledger technology during the reporting period. New Question 5(a) would require registrant to report the number of employees engaged in transfer agent functions or activities incidental thereto during the reporting period. New Question 5(b) would require registrant to report certain service providers used during the reporting period. New Question 6(b) would require registrant to report the number of issues, by tokenization model, serviced by the registrant as of December 31.
13(a–e). Related Documents/Attachments	
None	
None	
None	
None	

The proposed changes to Form TA-2 are discussed more fully below.

1. Proposed Changes to Form TA-2 Instructions

The Commission is proposing to amend the instructions for use of Form TA-2 for the questions discussed below

to provide specificity regarding the required information and to improve the quality, consistency, and comparability of the information provided in response.

Form TA-2 Questions 1(a) and 1(b) (filer CIK and CCC, respectively) would not change, but the form instructions would be updated to state that “CIK” is

an abbreviation for “Central Index Key.” Similarly, the form instructions would be updated to note that “CCC” is an abbreviation for “CIK Confirmation Code.” As with Form TA-1 described above, Commission staff routinely receive questions from registrants regarding the meaning and importance

¹⁰⁶ See 15 U.S.C. 78q-1(a)(2).

of these terms. Providing these clarifications would provide that information uniformly to all registrants. It would also help improve the clarity and transparency of the form, thereby decreasing the amount of time it takes for registrants to complete the form.

Form TA-2 Question 1(f) (contact name, phone number, and email address) would not change, but the form instructions would be updated to require that the contact listed in response to Question 1(f) must be an individual authorized to receive all compliance communications for the registrant with responsibility to disseminate them as appropriate within the registrant's organization. As with Form TA-1, in Commission staff's experience, the contact information provided in response to Question 1(f) is not always an individual with knowledge of the annual report or the authority to speak to Commission staff regarding the annual report. This can hinder the Commission staff reviewing the annual report from conveying important information to the registrant or obtaining information in response to questions regarding the annual report. This proposed change would help ensure that transfer agents complete the form consistently and accurately, and that Commission staff are able to follow up effectively with the registrant regarding any questions on the content of the annual report or other supervisory matters that arise while the transfer agent remains registered. Moreover, not having up-to-date contact information for an appropriately authorized individual could impede the Commission in carrying out its regulatory and oversight responsibilities with respect to transfer agents. However, because this information contains personally identifiable information, it is not made publicly available on EDGAR and is only available to the Commission and its staff.

Form TA-2 Question 4(b) (number of individual securityholder accounts for which the transfer agent maintained master securityholder files) would not change, but the form instructions would be updated to provide instructions regarding how to calculate the number of individual securityholder accounts. Based on the Commission's supervisory experience, the Commission understands that there is variability in the way registered transfer agents calculate the number of individual securityholder accounts reported in response to Question 4(b), which hinders the Commission's ability to gather and analyze accurate and comparable information. This proposed

change to the form instructions would help ensure consistently accurate reporting of the number of individual securityholder accounts, based upon the same calculation methodology, which should, in turn, support investor protection and market integrity by ensuring that the Commission has an accurate understanding of the market. Therefore, the Commission proposes to provide instructions for transfer agents regarding the calculation methodology that considers both the number of securities issues as well as the number of securityholders for the issue. For purposes of Question 4(b), the number of individual securityholder accounts for each securities issue should be determined separately and then added together to arrive at the number reported in response to Question 4(b). For example, if the transfer agent maintains the master securityholder file for two securities, one with five individual securityholders and the other with the same five securityholders, the transfer agent should report 10 in response to Question 4(b). Any identical securityholders for the two securities should be counted separately for each issue for purposes of responding to Question 4(b).

2. Proposed Changes to Form TA-2 Reporting Requirements

The Commission is proposing to amend Form TA-2 in several ways that would provide the Commission with information regarding a transfer agent's staffing, securityholders, service providers, recordkeeping, and handling of funds. These proposed changes, as described below, would further support the Commission's statutory mandate to protect investors, promote the prompt and accurate clearance and settlement of securities transactions, and promote the safeguarding of funds and securities by enhancing oversight of a transfer agent's operational capacity, operational risks, recordkeeping practices, and outsourcing risks.¹⁰⁷

a. Number of Individual Securityholder Accounts

Accurate and relevant data regarding the specific types and volume of securities accounts serviced by a transfer agent is critical to the Commission's assessment and oversight of a transfer agent's operational capacity, recordkeeping practices, operational risks, and safeguarding practices. Existing Form TA-2 Questions 5(a)–(d) require disclosure of the total number of individual

securityholder accounts, individual securityholder DRS accounts, individual securityholder dividend reinvestment plan and/or direct purchase plan accounts, and approximate percentages of individual securityholder accounts in various security type categories, as of December 31. To ensure that the data provided on Form TA-2 is relevant to the types and volume of securities accounts serviced by modern transfer agents and therefore continues to support the Commission's statutory duties related to the oversight of registered transfer agents, Questions 5(a)–(d) would be removed along with the corresponding form instructions and replaced with proposed new Question 4(c). As depicted in Figure 1 below, proposed new Question 4(c) would require registrants to report the total number of individual securityholder accounts, by security type, as of December 31. Proposed Question 4(c) is similar to existing Question 5(d), but proposed Question 4(c) would require the total number of individual securityholder accounts by security type, as opposed to the approximate percentage of individual securityholder accounts by security type, which should be more readily available and would avoid the need for registrants to perform a percentage calculation. In addition, proposed Question 4(c) would provide more granular security types than existing Question 5(d) by including categories for corporate equity securities at two different market capitalization levels, exchange traded funds, and closed end investment company securities, as transfer agent activities, operational risks, recordkeeping practices, and safeguarding activities may vary depending on the type of security being serviced.

The security types provided in the table would include corporate equity securities with market capitalization less than or equal to \$300 million, corporate equity securities with market capitalization greater than \$300 million, corporate debt securities, non-exchange traded open-end investment company securities, exchange-traded funds, closed end investment company securities, limited partnership securities, municipal debt securities, and other securities. The number of individual securityholder accounts in DRS, dividend reinvestment plans, or direct purchase plans required by Questions 5(b) and (c) are proposed to be deleted and would no longer be required. As subsets of the total number of individual securityholder accounts, those subcategories are not necessary given the requirement in Form TA-2 to

¹⁰⁷ Exchange Act Section 17A(a)(2)(A), 15 U.S.C. 78q-1(a)(2)(A).

report the number of issues for which DRS, dividend reinvestment plan, or direct purchase plan services were provided in existing Question 7.

**Figure 1: Proposed Question 4(c)
Regarding Individual Securityholder
Accounts**

4(c). Provide the total number of individual securityholder accounts, by security type, as of December 31:

Security type	Total number of individual securityholder accounts (as of December 31)
Corporate Equity Securities (market cap <=\$300 million). Corporate Equity Securities (market cap >\$300 million). Corporate Debt Securities. Non-Exchange Traded Open End Investment Company Securities. Exchange-Traded Funds. Closed End Investment Company Securities. Limited Partnership Securities. Municipal Debt Securities. Other Securities.	
Total.	

b. Number of Issues by Activity Type

Existing Form TA-2 Question 6 (number of securities issues for which Registrant received items and/or maintained the master securityholder files, broken down by various security types) would be removed and replaced with proposed new Question 6(a) which would request similar information but would also incorporate the transfer agent activity types from Question 7 and include more granular security types than existing Question 6. Proposed Question 6(a) would add security type categories for corporate equity securities at two different market capitalization levels, exchange-traded funds, and closed end investment company securities, as transfer agent activities, operational risks, recordkeeping practices, and safeguarding activities may vary depending on the type of security being serviced. Specifically, as

depicted in Figure 2 below, registrants would be required to report the following data as of December 31 in a new table categorized by security type: the number of securities issues for which the transfer agent (i) received items for transfer, (ii) maintained the master securityholder file(s), (iii) provided DRS services, (iv) provided direct purchase plan services, (v) provided dividend reinvestment plan services, and (vi) provided paying agent services. The security types provided in the table include corporate equity securities with market capitalization less than or equal to \$300 million, corporate equity securities with market capitalization greater than \$300 million, corporate debt securities, non-exchange traded open-end investment company securities, exchange-traded funds, closed end investment company securities, limited partnership

securities, municipal debt securities, and other securities. These proposed revisions to Question 6 would incorporate the content of Question 7(a) regarding the number of issues for which dividend reinvestment plan and/or direct purchase plan services were provided as of December 31, Question 7(b) regarding the number of issues for which DRS services were provided as of December 31, and Question 7(c)(i) regarding the number of issues for which dividend disbursement and interest paying agent activities were conducted during the reporting period and thus, those questions would be removed. Dividend disbursement and interest paying agent activities would be included with other paying agent services in a single column in proposed Question 6(a).

Figure 2: Table for Proposed Question 6(a)

Security type	Number of issues for which registrant provided the following services (as of December 31)					
	Received items for transfer	Maintained master securityholder file(s)	Provided Direct Registration System (DRS) services	Provided Direct Purchase Plan (DPP) services	Provided dividend reinvestment services	Provided paying agent services
Corporate Equity Securities (market cap <=\$300 million). Corporate Equity Securities (market cap >\$300 million). Corporate Debt Securities. Non-Exchange Traded Open End Investment Company Securities. Exchange-Traded Funds. Closed End Investment Company Securities. Limited Partnership Securities. Municipal Debt Securities. Other Securities.						
Total.						

c. Handling of Securityholder Funds and Securities

Form TA-2 Question 7(c)(ii) (amount in dollars of dividend disbursement and interest paying agent activities conducted during the reporting period) would be replaced by proposed new Question 7 which is designed to capture all money movement through a transfer agent to or from securityholders, not just dividend disbursements and interest payments as required by existing Question 7(c)(ii), as well as any in-kind distribution activity. Specifically, registrants would be required to report the amount (in dollars) of dividend disbursements, interest or coupon payments, principal payments, disbursements in connection with corporate actions, open-end investment company purchases and redemptions, stock purchases, and any other monetary inflows or disbursements, as well as the amount (in units) of any in-kind distributions to securityholders during the reporting period. These proposed changes would contradict the form's existing instructions for answering Question 7(c),¹⁰⁸ so those instructions would be removed. Requiring transfer agents to report more detailed information regarding the nature and extent of their handling of securityholder funds would provide the Commission with data relevant to assess safeguarding risks across the transfer agent population as a whole and at individual transfer agents. This information would further support the Commission's statutory mandate to protect investors, promote the prompt and accurate clearance and settlement of securities transactions, and promote the safeguarding of funds and securities.

d. Turnaround Performance

Form TA-2 Question 9 (turnaround compliance) would be removed in its entirety due to the proposed changes to Rule 17ad-2 discussed in Section III.D. Existing Form TA-2 Question 9(a)(i) requires a registrant to report the number of months during the reporting period it was not in compliance with the turnaround time for routine items according to Rule 17ad-2, while existing Question 9(a)(ii) requires a registrant to report the number of written notices filed during the reporting period with the SEC and with its ARA regarding noncompliance with the turnaround time for routine items according to Rule 17ad-2.¹⁰⁹ Instead,

proposed new Question 9(a) would require registrants to report the total number of routine items received during the reporting period, and proposed new Question 9(b) would require registrants to report the number of routine items that were not turned around or processed within the shorter of one business day or the time period specified by Rule 15c6-1(a) of the Exchange Act for each month of the reporting period. These proposed new questions would align the reporting requirements on Form TA-2 with the proposed changes to Rule 17ad-2 regarding turnaround and processing performance.

3. Proposed Additions to Form TA-2 Reporting Requirements

New Questions would be added to Form TA-2 to require registrants to report the following information, as accurate data in these areas is important for the Commission's assessment and oversight of a transfer agent's operational capacity, recordkeeping practices, operational risks, and safeguarding practices:

- The number of issues serviced by the registrant for which physical certificates were in use during the reporting period in new Question 4(d);
- The number of issues for which the registrant maintained the master securityholder file using distributed ledger technology during the reporting period in new Question 4(e);
- The number of employees engaged in transfer agent functions or activities incidental thereto during the reporting period in new Question 5(a);
- The types of service providers used by the registrant during the reporting period using a check-the-box format along with the name of the service provider(s) that directly supports the performance of transfer agent functions using a fill-in-the-blank format in new Question 5(b);
- The number of issues, by tokenization model, serviced by the registrant as of December 31 in new Question 6(b); and
- A list of issues serviced by the registrant as of December 31 of the reporting period.

a. Certificates and Distributed Ledger Technology

The Commission is proposing to add new Question 4(d) to the Form TA-2 to require registered transfer agents to report the number of issues for which physical certificates were in use during the reporting period and new Question 4(e) to require registered transfer agents to report the number of issues for which distributed ledger technology was used

to maintain the master securityholder file during the reporting period. The risks associated with safeguarding physical securities certificates are vastly different than the risks associated with safeguarding book-entry securities or tokenized securities, and accurate data in this area is important for the Commission's assessment and oversight of a transfer agent's recordkeeping practices, operational risks, and safeguarding practices.

b. Staffing Information

The Commission is proposing to add a new question to the Form TA-2 to require registered transfer agents to report the number of employees engaged in transfer agent functions (as defined in section 3(a)(25) of the Exchange Act) or activities incidental thereto during the reporting period. The individuals engaging in transfer agent functions or activities incidental thereto are subject to Exchange Act Rule 17f-2 regarding fingerprinting of securities industry personnel, cannot claim the exemption to the fingerprinting requirement in Rule 17f-2(a)(1)(ii), and are often responsible for interfacing with securityholders, handling sensitive securityholder information, completing transfers of securities, and processing various types of payments from issuers to securityholders. Accurate transfer agent staffing data will help to ensure that the information provided on Form TA-2 is relevant to the operational capacity and operational risks of modern transfer agents, would be comparable across the transfer agent population and therefore would continue to support the Commission's statutory duties related to the oversight of transfer agents. This information would further support the Commission's statutory mandate to protect investors, promote the prompt and accurate clearance and settlement of securities transactions, and promote the safeguarding of funds and securities.

c. Service Providers

Based upon its supervisory experience, the Commission has observed that transfer agents have used service providers to help ensure the prompt and accurate clearance and settlement of securities transactions. The range of corporate structures and functions performed by a registered transfer agent means that service providers can perform a wide variety of functions. Requiring a transfer agent to provide information about certain service providers on Form TA-2, as described further below, would allow the Commission to better understand the potential operational risks faced by

¹⁰⁸ The existing instructions for Form TA-2 Question 7.c. direct registrants to exclude coupon payments and transfers of record ownership as a result of corporate actions.

¹⁰⁹ 17 CFR 249b.102.

transfer agents in performing their transfer agent functions. For example, based upon its supervisory experience, the Commission understands that transfer agents may use third parties to provide recordkeeping functions. In such cases, failure of the service provider to perform its obligations due to, for example, an outage or a systems error, would pose significant operational risks and have critical effects on the transfer agent’s ability to perform its transfer agent functions and as such could hinder the prompt and accurate clearance and settlement of securities transactions which the Commission is authorized to facilitate. Therefore, the Commission is proposing to require registered transfer agents to identify, by name and type, on Form TA–2 certain service providers

that directly support the performance of transfer agent functions, however this information would not be made publicly available on EDGAR. Identification by name would allow the Commission to assess potential operational risk across the national system of clearance and settlement; for example, if a particular recordkeeping service provider suffers an outage or is otherwise unable to provide services, knowing how many transfer agents rely on that provider would help the Commission assess the impact on the national system for the settlement of securities transactions, and the market generally. Identification by type would provide the Commission with better comparability across the transfer agents that help make up the national system of clearance and settlement, which should help inform

its oversight and responsibility for the prompt and accurate clearance and settlement of securities transactions. As depicted in Figure 3 below, proposed Question 5(b) would include checkboxes for the following types of service providers that directly support the registrant in carrying out transfer agent activities: (1) banks, (2) escrow agents, (3) recordkeeping system providers, (4) lost securityholder search providers, (5) printing and mailing services, (6) call center providers, (7) tokenization agents, and (8) distributed ledger technology platforms. Following each entry is a space for registrants to fill-in-the-blank with the name of the service provider(s). **Figure 3: Proposed Question 5(b) Regarding Service Providers**

Registrant used the following Service Providers during the Reporting Period.
Check all that apply and provide name of service provider(s) that directly supports the performance of transfer agent functions:
☐ Bank(s): _____
☐ Escrow Agent(s): _____
☐ Recordkeeping System Provider(s): _____
☐ Lost Securityholder Search Provider(s): _____
☐ Printing and Mailing Service Provider(s): _____
☐ Call Center Provider(s): _____
☐ Tokenization Agent(s): _____
☐ Distributed Ledger Technology Platform(s): _____

d. Tokenized Securities As discussed above, some transfer agents plays a role in developing, issuing, and administering tokenized securities, which may present different operational requirements and risks, recordkeeping systems, and safeguarding controls than traditional certificated and uncertificated securities. To ensure that the data provided on Form TA–2 is relevant to the types and volume of securities serviced by modern transfer agents, and therefore continues to support the Commission’s statutory duties related to

oversight of transfer agents to protect investors, promote the prompt and accurate clearance and settlement of securities transactions, and promote the safeguarding of funds and securities, as depicted in Figure 4 below, proposed new question 6(b) would require registrants to report the number of issues, by tokenization model and security type, serviced by the registrant as of December 31. The tokenization models provided in the table would include issuer-sponsored and third-party sponsored, as the risks to investors differ depending on the tokenization

model.¹¹⁰ The security types provided in the table would include corporate equity securities with market capitalization less than or equal to \$300 million, corporate equity securities with market capitalization greater than \$300 million, corporate debt securities, non-exchange traded open-end investment company securities, exchange-traded funds, closed end investment company securities, limited partnership securities, municipal debt securities, and other securities. **Figure 4: Proposed Question 6(b) Regarding Tokenized Securities**

Security type	Number of issues serviced by the registrant by tokenized security model (as of December 31)	
	Issuer-sponsored tokenized securities	Third-party-sponsored tokenized securities
Corporate Equity Securities (market cap <=\$300 million).		

¹¹⁰ See Statement on Tokenized Securities, Division of Corporation Finance, Division of Investment Management, Division of Trading and Markets (Jan. 28, 2026), available at <https://www.sec.gov/newsroom/speeches-statements/corp-fin-statement-tokenized-securities-012826-statement-tokenized-securities> (stating that, with respect to third-party sponsored tokenized securities, the models that third parties are using to tokenize securities vary, and the rights, obligations,

and benefits associated with the crypto asset may or may not be materially different from those of the underlying security, the crypto asset may or may not represent an ownership interest in or contractual obligation of the issuer of the underlying security, and holders of the crypto asset may be exposed to risks with respect to the third party, such as bankruptcy, to which a holder of the underlying security would not necessarily be exposed). That statement and any other staff

statement referenced in this release is not a rule, regulation, guidance, or statement of the Commission, and the Commission has neither approved nor disapproved its content. 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.

Security type	Number of issues serviced by the registrant by tokenized security model (as of December 31)	
	Issuer-sponsored tokenized securities	Third-party-sponsored tokenized securities
Corporate Equity Securities (market cap >\$300 million). Corporate Debt Securities. Non-Exchange Traded Open End Investment Company Securities. Exchange-Traded Funds. Closed End Investment Company Securities. Limited Partnership Securities. Municipal Debt Securities. Other Securities.		
Total.		

e. List of Issues Serviced

To ensure that the data provided on Form TA-2 is relevant to the types and volume of securities serviced by modern transfer agents, and therefore continues to support the Commission's statutory duties related to the oversight of transfer agents, Form TA-2 Question 13 (related documents/attachments) would be amended to require registrants to provide an attachment to their Form TA-2 with a list of issues serviced as of December 31 of the reporting period. The list should include, for each issue serviced, both the name of the issue and its identification number from the master securityholder file. Under the existing rules, the Commission does not know which transfer agent services a particular security. Having this information on the Form TA-2 would address this gap and enable the Commission to more efficiently address investor questions or concerns related to their interactions with transfer agents to further support the Commission's statutory mandate to protect investors, promote the prompt and accurate clearance and settlement of securities transactions, and promote the safeguarding of funds and securities.

4. Request for Comment

The Commission requests comments on all aspects of the proposed amendments to Form TA-2. In particular, the Commission requests comments on the following:

13. Should the Commission amend Rule 17ac2-2 to require registered transfer agents to file an amendment to Form TA-2 if they discover that any of the information reported on Form TA-2 was materially inaccurate, misleading, or incomplete at the time of filing? Should the Commission provide a definition or examples of what would be "materially inaccurate, misleading, or incomplete" in this context? How soon after a transfer agent discovers that information reported on Form TA-2 was

materially inaccurate, misleading, or incomplete at the time of filing should a transfer agent be required to file an amendment? Is within 60 days a sufficient amount of time, or should the Commission consider a shorter or longer period of time?

14. Should the Commission require registered transfer agents to report all fund movements to or from securityholders on Form TA-2 in proposed new Question 7, rather than just dividend disbursements and interest payments as required by the existing form? Would this broader reporting requirement provide more useful information to the Commission in understanding a transfer agent's operational risks related to the safeguarding of securityholder funds?

15. Should the Commission require registered transfer agents to report staffing information on Form TA-2, including the number of employees engaged in transfer agent functions or activities incidental thereto during the reporting period in new Question 5(a)? Would this requirement fit the purpose of the Form? Or, would other data be more appropriate to require on the Form such as volume of transactions processed and error rates during the reporting period?

16. What additional information should the Commission require to be reported on Form TA-2 regarding a transfer agent's recordkeeping practices?

17. Are the specific security types and categories in proposed Questions 4(c), 6(a), and 6(b) appropriate and sufficient to capture the full range of securities for which transfer agents maintain securityholder accounts? Should any security types or categories be added, removed, or modified?

18. Is the proposed methodology for calculating the number of individual securityholder accounts in response to Question 4(b) clear and operationally feasible for transfer agents? Are there alternative methodologies that would be

more accurate or easier for transfer agents to implement?

19. Are there additional types of service providers routinely used by transfer agents that should be included in the list of service providers in Question 5(b)? Alternatively, should any service providers included in the proposed list in Question 5(b) not be included? To what extent is the information that would be reported in response to Question 5(b) duplicative of information that would be provided in response to other questions, such as Question 4(e)?

20. Should the Commission require transfer agents to provide more detailed information about their service provider arrangements, such as the specific services provided or the oversight and monitoring procedures used to manage associated risks? Alternatively, should the Commission require disclosure of service provider arrangement information at all, or less detailed information about their service provider arrangements?

21. Should the Commission require transfer agents to report on the number of issues, by tokenization model and security type, serviced by the registrant as of December 31 in new Question 6(b)? Are the specific tokenization models proposed appropriate, clear, operationally feasible, and sufficient to capture the full range of tokenization models used in connection with transfer agent activities? Should any tokenization models be added, removed, or modified? Should the Form TA-2 instead seek identification only of tokenized securities more generally, as opposed to breaking the information out by tokenization model? Would tokenized equity-linked notes be difficult for transfer agents to categorize as issuer-sponsored or third-party sponsored in the proposed table? If so, should the requirements of Question 6(b) be modified or clarified? Should the Commission provide a sunset date for

proposed Question 6(b) and if so, what should be the trigger for such sunset date?

22. Is any information that would be required by the proposed changes to Form TA-2 difficult for a transfer agent to provide? If so, why? Are there alternative approaches to collecting the same information, such as providing this information upon request, that would be less burdensome for transfer agents while still providing the Commission with the information it needs to fulfill its regulatory and oversight responsibilities?

23. Should any information not be publicly disclosed that would be required by the proposed changes to Form TA-2?

24. Is there any additional information that the Commission should require to be disclosed on Form TA-2, or conversely, should the Commission require less information to be disclosed?

III. Proposed Amendments to Definitions, Processing, Recordkeeping, and Safeguarding Rules

The Commission is proposing amendments to the definitions in Rules 17Ad-1 and 17Ad-9 to modernize the foundational terminology that governs the processing, turnaround, recordkeeping, safeguarding, and compliance obligations of registered transfer agents.

When the Commission originally adopted these definitions, the securities markets operated chiefly through the transfer of securities represented by physical certificates, and the transfer of certificated securities was a complicated, time-intensive, manual process completed over the course of multiple days and involving numerous in-person deliveries to and from multiple parties. Definitions such as *item*, *receipt*, *certificate detail*, *deposit shipment control list*, and *control book* were grounded in this physical environment and designed to reflect and address the technological and operational needs and limitations of manual processing, paper certificates, in-person deliveries, and mail-based communication.¹¹¹ Today, however, the technological and operational environment in which transfer agents

operate has changed. The Commission understands that nearly all transactions are electronic; most securities are held in immobilized or uncertificated form; and transfer agents receive, validate, and process instructions through automated systems, electronic platforms, and digital communication channels. In addition, new and rapidly developing technologies, such as tokenized securities and distributed ledger technology, continue to modify the environment in which transfer agents operate, even as they present both new benefits and challenges.

The prompt and accurate clearance and settlement of securities transactions is a matter of public interest, and clearly defined terms that accurately reflect the current operational and technological environment in which registered transfer agents operate are necessary to give practical effect to the Commission's oversight of registered transfer agents and the national clearance and settlement system.¹¹² As the securities markets and transfer agent operations continue to evolve, definitions that are both grounded in statutory authority and responsive to technological and operational change would help the Commission to carry out its statutory responsibilities under Section 17A of the Act, including its responsibility to protect investors, to safeguard securities and funds, and to facilitate the prompt and accurate clearance and settlement of securities transactions in a manner that keeps pace with the markets the Commission is charged with overseeing.¹¹³ As discussed below, each of the proposed changes discussed in this section seeks to ensure that the defined terms used in the Commission's transfer agent rules accurately reflect the current operational and technical environment in which transfer agents operate, including the transition from a manual, paper-based environment to an automated, electronic environment and beyond.

A. Amendments to Rule 17ad-1

Rule 17ad-1 defines relevant terms used throughout the rules. A fundamental term used in the rules is “item,” which is the basic unit for which the turnaround and other processing requirements apply.¹¹⁴ Other key definitions in Rule 17ad-1 are “transfer” and “turnaround.”¹¹⁵ The

Commission is proposing amendments to the definitions of the terms “item,” “receipt,” and “routine.”

1. Item

Existing Rule 17ad-1(a)(1) defines the term *item* as: (i) A certificate or certificates of the same issue of securities covered by one ticket (or, if there is no ticket, presented by one presenter) presented for transfer, or an instruction to a transfer agent which holds securities registered in the name of the presenter to transfer or to make available all or a portion of those securities; (ii) Each line on a “deposit shipment control list” or a “withdrawal shipment control list” submitted by a registered clearing agency; or (iii) In the case of an outside registrar, each certificate to be countersigned.¹¹⁶ The Commission proposes to amend the definition of “item” to include two additional subsections within the definition: “(iv) A transfer instruction submitted to the transfer agent through a deposit or withdrawal at custodian or functionally similar service operated by a central securities depository; and (v) Any other transfer instruction submitted to the transfer agent, or to an electronic system controlled, operated, or enabled by the transfer agent, to be accomplished without the physical issuance of certificates.”¹¹⁷

As noted, *item* is the basic unit for which the turnaround and other processing requirements apply,¹¹⁸ and is an essential term used throughout the transfer agent rules, including in other definitions discussed in this release. The Commission is proposing to amend the definition of *item* to clearly and unambiguously include instructions relating to uncertificated securities and capture new technologies and means of transmitting information to ensure that the technology, platforms, and communication channels utilized by modern transfer agents are both contemplated and permitted under the rules.

of all acts necessary to cancel the certificate, issue a new one, and make it available to the presenter, and “turnaround” for an item (where an outside registrar is not involved) is completed when transfer is accomplished. Exchange Act Rule 17ad-1(d), (e), 17 CFR 240.17Ad-1(d), (e). The term “outside registrar” with respect to a transfer item means a transfer agent which performs only the registrar function for the certificate or certificates presented for transfer and includes the persons performing similar functions with respect to debt issues. Exchange Act Rule 17ad-1(b), 17 CFR 240.17Ad-1(b).

¹¹⁶ Exchange Act Rule 17ad-1(a)(1), 17 CFR 240.17Ad-1(a)(1).

¹¹⁷ See proposed Rule 17ad-1(a)(1).

¹¹⁸ See Rule 17ad-1 through 17ad-7 Adopting Release, *supra* note 50.

¹¹¹ See, e.g., Depository Shipment Control List Transfer Instructions; Definition of Item, Exchange Act Release No. 23677 (Oct. 2, 1986), 51 FR 36547 (Oct. 14, 1986); see also Maintenance of Accurate Securityholder Files and Safeguarding of Funds and Securities by Registered Transfer Agents, Exchange Act Release No. 19860 (June 10, 1983), 48 FR 28231 (June 21, 1983) (“17ad-9 through 13 Adopting Release”); Prompt Transfer of Securities; Transfer Agent Turnaround Performance Time Frame, Exchange Act Release No. 21375 (Oct. 5 1984), 49 FR 40573 (Oct. 17, 1984).

¹¹² See Exchange Act Section 3(a)(25), 15 U.S.C. 78(c)(a)(25).

¹¹³ See Section 17A(a)(2)(A) of the Exchange Act, 15 U.S.C. 78q-1(a)(2)(A).

¹¹⁴ See Rule 17Ad-1 through 17Ad-7 Adopting Release, *supra* note 50.

¹¹⁵ “Transfer” of a certificated security (where an outside registrar is not involved) is the completion

These amendments would include transfer instructions submitted through DTC's Deposit/Withdrawal at Custodian ("DWAC") service and other electronic systems, which the Commission understands are now the predominant means by which securities are transferred. The proposed amendments are also designed to capture new and novel methods by which transfer agents may receive instructions from presentors pursuant to the UCC.¹¹⁹ Finally, the phrase "an electronic system controlled, operated, or enabled by the transfer agent" will ensure that instructions transmitted by or through both existing technologies, such as blockchains and other distributed ledger-based platforms and new, as yet unforeseen technologies, are captured by the definition as proposed to be amended. These amendments would help ensure that Rule 17ad-2's turnaround and processing requirements apply uniformly to certificated and uncertificated securities, regardless of the specific technology used to issue, transfer, or custody the securities, and that new and potential future communication channels through which transfer instructions are or could be initiated, are contemplated under the rule.

2. Receipt

Existing Rule 17ad-1(g) provides that "[t]he receipt of an item or a written inquiry or request occurs when the item or written inquiry or request arrives at the premises at which the transfer agent performs transfer agent functions, as defined in Section 3(a)(25) of the Act."¹²⁰ While the term "arrive" applies to both physical and electronic items, it reflects a focus on physical items received by transfer agents—the transfer bundles from a bygone era discussed above—and is out of step with the electronic instructions that constitute most items received by modern transfer agents. Similarly, existing Rule 17ad-2(a) specifies that "items received at or before noon on a business day shall be deemed to have been received at noon on that day, and items received after noon on a business day or received on a day not a business day shall be deemed to have been received at noon on the next business day."¹²¹ Thus, for many years transfer agents have set up their processing and recordkeeping systems to bifurcate each business day for purposes of

determining when items have been received and starting the clock for turnaround. While this provision also applies with equal force to physical and electronic items, it too reflects a focus on physical items received by transfer agents—the transfer bundles that, once received at a mailbox or window, needed to be picked up, processed, and physically delivered to an appropriate workspace on the transfer agent's premises where the various confirmations, examinations, and checks could be conducted. Accordingly, this provision is out of step with the electronic instructions that constitute most items received by modern transfer agents, which are transmitted at the speed of light and can be accessed from virtually any computer or workstation authorized by the transfer agent.

The Commission proposes to amend the definition of "receipt" to provide that receipt occurs on the business day when the item or written inquiry or request arrives at any premises at which the transfer agent performs transfer agent functions or, in the case of an item or written inquiry or request submitted in electronic form, the business day when the item or written inquiry or request is received by the transfer agent.¹²² The proposed amendment would also provide that if an item or written inquiry or request arrives or is received on a non-business day, receipt is deemed to occur on the next business day.¹²³ The existing definition does not explicitly address electronic transmissions or electronic deliveries, which are now a common means by which transfer agents receive items and other communications. The proposed amendment would specify that receipt of electronic transmissions occurs when the item or communication is received by the transfer agent, as evidenced by, for example, a time stamp or other electronic record. The proposed amendment would also acknowledge that arrival or receipt can occur at any premises at which the transfer agent performs transfer agent functions, not just the principal location, thereby reflecting the reality that many modern transfer agents operate from multiple locations. These changes would help ensure that the definition of receipt is clear and applicable to the full range of methods by which transfer agents receive items and communications in today's electronic environment.

3. Routine

Existing Rule 17ad-1(i) defines a "routine" item by listing eight categories of items that are not routine, including paragraph 17ad-1(i)(2), which specifies that "a certificate as to which the transfer agent has received notice of a stop order, adverse claim, or any other restriction on transfer" would be considered a non-routine item.¹²⁴ The Commission is proposing to replace the reference to "certificate" in paragraph (i)(2) with "security" to ensure that the definition applies equally to both certificated and uncertificated securities.¹²⁵

B. Amendments to Rule 17ad-9

Rule 17ad-9¹²⁶ defines 12 principal terms with respect to transfer agents as used especially in Rules 17ad-10 through 17ad-13: "certificate detail," "master securityholder file," "subsidiary file," "control book," "credit," "debit," "record difference," "record keeping transfer agent," "co-transfer agent," "named transfer agent," "service company," and "file."¹²⁷ The Commission is proposing amendments to all of the definitions in Rule 17ad-9 other than "subsidiary file," "co-transfer agent," "named transfer agent," "service company," and "file." The Commission is also proposing to add three new defined terms: "authorized securities," "transfer journal," and "presenter."

1. Certificate Detail

Existing Rule 17ad-10 requires recordkeeping transfer agents to promptly and accurately post credits and debits containing minimum and appropriate certificate detail to the master securityholder file whenever a security is transferred, purchased, redeemed, or issued.¹²⁸ The certificate detail that must be posted to the master securityholder file is defined in existing Rule 17ad-9(a) and consists of eight specific "items" of information: (1) The certificate number; (2) The number of shares for equity securities or the principal dollar amount for debt securities; (3) The securityholder's registration; (4) The address of the registered securityholder; (5) The issue date of the security; (6) The cancellation date of the security; (7) In the case of redeemable securities of investment companies, an appropriate description of each debit and credit (*i.e.*, designation indicating purchase, redemption, or

¹¹⁹ See UCC §§ 8-107 and 8-401.

¹²⁰ 17 CFR 240.17ad-1(g).

¹²¹ Exchange Act Rule 17ad-2(a), 17 CFR 240.17ad-2(a). Rule 17ad-2(b) includes an identical provision for items received by transfer agents acting as an outside registrar.

¹²² See proposed Rule 17ad-1(g).

¹²³ *Id.*

¹²⁴ 17 CFR 240.17ad-1(i).

¹²⁵ See proposed Rule 17ad-1(i).

¹²⁶ 17 CFR 240.17ad-9.

¹²⁷ See 17ad-9 through 13 Proposing Release, *supra* note 9.

¹²⁸ 17 CFR 240.17ad-10(a)(1).

transfer); and (8) Any other identifying information about securities and securityholders the transfer agent reasonably deems essential to its recordkeeping system for the efficient and effective research of record differences.¹²⁹ The Commission is proposing to replace the term “certificate detail” with a neutral term that can apply to any form of security, whether certificated or uncertificated, and to amend items one, three, four, and eight, in the definition of certificate detail, as described more fully below.

The Commission proposes to amend the definition of “certificate detail” to reflect the securities industry’s transition from a manual, paper-based environment to an automated, electronic environment and to ensure that the Commission’s transfer agent rules appropriately reflect and facilitate transfer agents’ use of new and emerging technologies in their recordkeeping and operations. First, given that most securities today are uncertificated, the Commission proposes to replace the term “certificate detail,” which signifies the use of a paper certificate, with the term “position detail,” which is a neutral term that can apply to any form of security, whether certificated or uncertificated.¹³⁰ To ensure consistency throughout the rules, the Commission proposes to make conforming changes in other rules that use the term certificate detail as well, specifically throughout Rule 17ad–10,¹³¹ as discussed in more detail below, and by amending the title of Rule 17ad–11.¹³²

Second, the Commission is proposing to expand item one beyond solely a certificate number for certificated securities. A certificate number is a unique numerical identifier pre-printed on physical stock or bond certificates used to identify the security and track ownership. However, the Commission understands that both certificated and uncertificated securities may also have unique alpha-numeric identifiers, while only certificated securities specifically have “certificate numbers.” Under the existing definition of certificate detail, transfer agents are not required to maintain in the master securityholder file a unique identifier for securities. Given the importance of being able to uniquely identify and track securities, it is necessary and appropriate for the protection of investors to require transfer agents to maintain a unique

identifier for securities when such a unique identifier is available. Accordingly, under the proposed changes, item one would consist of the certificate number for certificated securities, and for all securities, including certificated securities, the applicable unique identifier for the security, which could be a Committee on Uniform Securities Identification Procedures number (CUSIP) or Financial Instrument Global Identifier number (FIGI). With respect to the applicable unique identifier, the Commission understands that both the CUSIP and the FIGI are standardized identification numbers widely used for both certificated and uncertificated securities across different asset classes, that CUSIP is widely used with respect to U.S. exchange-traded securities, including some tokenized securities, and FIGI can be and is used with respect to both traditional and tokenized securities. However, the amended rule would not mandate the use of these specific identifiers. The Commission is aware that other unique identifiers are used, often in connection with a specific jurisdiction or specific system,¹³³ and others may be developed in the future. The Commission is also aware that it is possible that in some instances an uncertificated security may *not* have a unique identifier. Accordingly, through this change, the position detail maintained by transfer agents would include unique identifiers for both certificated and, if applicable, uncertificated securities, including tokenized securities.

Third, the Commission is proposing to amend item three, “registration.” A securityholder’s registration, historically referred to the registered owner’s name, as well as any relevant formatting or titling information, such as whether the security is held individually, jointly, in trust, by a corporate entity, etc.¹³⁴ To ensure that transfer agents understand the term and apply it consistently, the Commission is proposing to replace the term “registration” with a description of the specific information that constitutes “registration,” as noted above. Specifically, item three would include the securityholder’s full name and any other relevant identifying, titling, or formatting information (e.g., a digital wallet address in the case of any tokenized security; whether the security is held individually, jointly, or in trust;

whether it is held by a natural person, a corporation, etc.) necessary to accurately identify the specific securityholder to the exclusion of other securityholders. Ensuring that transfer agents maintain accurate and up-to-date registration information for registered securityholders is vital to determine who is legally recognized as the securityholder, who is entitled to receive distributions, proxies, issuer communications, and corporate rights provided to the legal owner of the securities, who has legal authority to authorize transfers, and how ownership is recorded and validated. All recordkeeping transfer agents are also required to comply with the lost securityholder notice and search requirements set forth in Rule 17ad–17,¹³⁵ which requires transfer agents to identify and maintain certain contact information for individual securityholders. Ensuring that transfer agents’ position detail information includes sufficient information to identify individual securityholders to the exclusion of other securityholders would also help recordkeeping transfer agents meet their lost securityholder search obligations under Rule 17ad–17.

For these same reasons, the Commission is proposing to expand item four to include additional contact information beyond the securityholder’s physical mailing address. Specifically, under the proposal, item four would include contact information for the registered securityholder sufficient to enable the transfer agent to effectively deliver securityholder communications, dividends and other payments, legal notices, and other communications, including at a minimum a physical mailing address. In addition to a mailing address, such contact information could include, for example, a home phone number, a mobile phone number, an email address, a blockchain wallet address, or another form of communication, although the Commission recognizes that the specific contact information for a given securityholder could vary depending on the securityholder. For example, a buy-and-hold investor who prefers written communications or phone calls might only have a mailing address and home phone number, while an investor that prefers online access and communication methods might prefer to receive email communications or be contacted through such investor’s mobile phone number. Comprehensive and current securityholder contact information is essential to ensure prompt and accurate clearance and

¹²⁹ 17 CFR 240.17Ad–9(a).

¹³⁰ See proposed Rule 17ad–9(a).

¹³¹ See proposed Rule 17ad–10.

¹³² See proposed Rule 17ad–11 (amending the term “certificate detail” in the title to instead refer to “position detail”).

¹³³ For example, the Stock Exchange Daily Official List (SEDOL) is used primarily in the United Kingdom and Ireland, while the Reuters Instrument Code (RIC) is used specifically within London Stock Exchange Group (LSEG) systems.

¹³⁴ See 17ad–9 through 13 Proposing Release, *supra* note 9, at 47270.

¹³⁵ See 17 CFR 240.17Ad–17.

settlement. Limiting the securityholder contact information maintained by transfer agents to a physical mailing address is no longer adequate to support the efficient functioning of a modern clearance and settlement system that relies on electronic communications to process securities transactions. The ability to rapidly and reliably communicate with registered securityholders through multiple channels enables transfer agents to fulfill their critical role within the national clearance and settlement system, reduce settlement failures, resolve processing discrepancies in real time, and comply with the full range of applicable laws and regulations governing their participation in that system, all of which directly serve protecting investors and the broader public interest. At the same time, it is still important for transfer agents to ensure that the contact information they maintain for registered securityholders includes a physical mailing address because physical mail may serve as the primary means of communication for some securityholders and a secondary means of communication for other securityholders, and ensuring that a physical mailing address is part of the master securityholder file may help recordkeeping transfer agents comply with Rule 17ad-17, which requires recordkeeping transfer agents to exercise reasonable care to ascertain the correct addresses for lost securityholders.¹³⁶ Even in situations where a transfer agent is sending correspondence to a securityholder electronically, when that correspondence is returned as undeliverable, having a physical mailing address may help the transfer agent to obtain a correct electronic address for the securityholder.

Finally, item eight would be expanded to include any other identifying information about securities and securityholders the transfer agent reasonably deems necessary to its recordkeeping, operations, or for the efficient and effective research of record differences.¹³⁷ This would be an expansion of existing item eight, which only requires identifying information the transfer agent reasonably deems essential to its recordkeeping system for the efficient and effective research of record differences. As with the amendments to items three and four, these amendments would help ensure that transfer agents have sufficient information to comply with their obligations under the transfer agent

rules, including the proposed amendments to Rules 17ad-6 and 17ad-7 discussed herein, and the new operational risk requirements that would be imposed in connection with the proposed amendments to Rule 17ad-12 discussed below. Requiring that transfer agents maintain this information also would help ensure that the information is kept and retained in accordance with the recordkeeping requirements that apply to transfer agents. Further, as noted, modern transfer agents' activities go beyond the type of ministerial recordkeeping and administrative tasks that characterized their work when these definitions were first adopted. In addition to identifying information about securities and securityholders the transfer agent reasonably deems necessary to researching record differences, modern transfer agents might maintain other information the transfer agent reasonably deems necessary to its operations. For example, a transfer agent may maintain information about registered securityholders that enable the transfer agent to provide securityholders access to an online portal that allows them to view their holdings, initiate transactions, or download corporate communications in lieu of receiving them in paper copy through the mail and information needed to make payments to securityholders. Provision of these services may involve collecting and storing specialized information, such as passwords and other login information, necessary to ensure the proper functioning of the transfer agent's website, online portal, or other technology platforms. As another example, a transfer agent providing paying agent services may need to maintain information about registered securityholders that enable them to make payments. It is vital that transfer agents that choose to provide services in these ways maintain the identifying information necessary to make them work effectively, accurately, and securely. The proposed amendments to item eight would help ensure that a transfer agent's position detail comprises information sufficient to meet the full scope of its regulatory obligations under the transfer agent rules and effectively support its provision of transfer agent services.

2. Master Securityholder File

Existing Rule 17ad-9(b) defines "master securityholder file" as "the official list of individual securityholder accounts."¹³⁸ The rule further provides

that "[w]ith respect to uncertificated securities of companies registered under the Investment Company Act of 1940 ("1940 Act"), the master securityholder file may consist of multiple, but linked, automated files."¹³⁹

The Commission proposes to amend the existing definition of "master securityholder file" to require that it be maintained in electronic form and to remove reference to investment company securities, such that any master securityholder file (not just those related to uncertificated investment company securities) may consist of multiple linked files or systems. The amended definition would further specify that the specific technology, systems, or files that compose the master securityholder file are within the transfer agent's discretion, provided the transfer agent maintains at all times exclusive control over the master securityholder file.¹⁴⁰

The master securityholder file is the authoritative record of who owns an issuer's securities. It is the list of individual securityholder accounts recognized by the issuer as the official list of record owners of the issuer's securities and is intended to be synonymous with the record referred to in state corporate law as the "stockholder ledger" or "stockholder register."¹⁴¹ Ensuring that it is consistently accurate and reliable is one of the core roles of a transfer agent and fundamental to the prompt and accurate clearance and settlement of securities transactions.

In adopting the definition of master securityholder file in 1983, the Commission found that open-end investment companies commonly maintained master securityholder files as multiple, but linked, automated files whereas most other transfer agents did not.¹⁴² Specifically, the Commission noted that common industry practice among mutual fund transfer agents at the time was to maintain a group of three or more computer files, commonly linked by the securityholder's account number and that, taken together, these files contained the required certificate detail as well as other useful account information.¹⁴³ At the same time, the Commission noted that this was not the practice with respect to "other securities issues;" rather, industry practice at that time was to post certificate detail to a

¹³⁶ 17 CFR 240.17Ad-17(a)(1), Exchange Act Rule 17ad-17(a)(1).

¹³⁷ See proposed Rule 17ad-9(a).

¹³⁸ 17 CFR 240.17Ad-9(b).

¹³⁹ *Id.*

¹⁴⁰ See proposed Rule 17ad-9(b).

¹⁴¹ See 17ad-9 through 13 Adopting Release, *supra* note 111, at 28234.

¹⁴² See *id.*

¹⁴³ *Id.*

single master securityholder file.¹⁴⁴ The Commission stated that “maintaining a single record containing all critical certificate and account detail simplifies performance of transfer agent functions, contributes to efficient transfer agent operations, and promotes the accuracy of securityholder records.”¹⁴⁵ This supported the Commission’s decision to adopt a carve-out for uncertificated securities of investment companies registered under the 1940 Act, but not for other securities issues.¹⁴⁶

Contemporary securities industry standards and practices, chief among them information technology standards and the efficiency, reliability, and recoverability of electronic recordkeeping systems, no longer warrant such a delineation. While maintaining the master securityholder file as a single record may have promoted efficiency and accuracy in 1983, when manual, paper-based processes were the standard, that is not the case today.

Through its oversight of the transfer agent industry, the Commission understands that most if not all transfer agents now maintain their master securityholder files electronically and that electronic recordkeeping is essential to the efficient operation of both modern transfer agents and the national clearance and settlement system. Compared to paper-based recordkeeping, electronic records provide better accessibility because multiple people can access the same record at the same time or from different locations; better searchability using automated keyword searches and other methods not possible with paper-based records; better security and control through encryption, password protection, access restrictions, logical controls, and automated audit trails that are not possible with paper-based records; and more efficient workflows and enhanced reliability and backup through automation, digital duplication and distribution, and other digital tools not possible with paper-based records.¹⁴⁷ To ensure that transfer agent records can benefit from these aspects of electronic recordkeeping compared to paper-based records given the importance of the master securityholder file to protecting investors, promoting the prompt and accurate clearance and settlement of securities transactions,

and promoting the safeguarding of funds and securities, the proposed amended definition of master securityholder file would explicitly specify that it be maintained in electronic form.

Further, because the existing definition only permits the master securityholder file to consist of “multiple, but linked, automated files” with respect to uncertificated securities of companies registered under the 1940 Act,¹⁴⁸ the proposed amendments also would remove the distinction between investment company securities and other securities to permit transfer agents to maintain their master securityholder files in multiple, linked files or systems with respect to *all* securities, not just investment company securities. This proposed expansion would make the definition both technology and format neutral while continuing to facilitate the maintenance of an accurate master securityholder file which, in turn, supports the prompt and accurate clearance and settlement of securities transactions and the safeguarding of funds and securities. The provision that transfer agents have discretion regarding the specific technology and systems used, provided the transfer agent maintains at all times exclusive control over the master securityholder file, would provide flexibility while ensuring that the transfer agent maintains exclusive control over, and responsibility for, such a crucial record.

The amended definition is designed to be flexible and capable of accommodating future technological developments, provided the standards as set forth in proposed Rule 17ad-7(f) for electronic recordkeeping systems are met. The Commission recognizes that developments in information technology manifest unpredictably and, thus, the proposed definition would not mandate or otherwise endorse a specific electronic format in which the master securityholder file would be required to be maintained. For example, the amended definition would permit a transfer agent to utilize a blockchain or other distributed ledger technology as its master securityholder file, or a component thereof, but it would not mandate it. Rather, the rule’s guiding principle is to ensure that master securityholder files are securely maintained and updated as promptly as possible, regardless of the technology or platform utilized.

3. Control Book

The term “control book” is defined in existing Rule 17ad-9(d) as “the record

or other document that shows the total number of shares (in the case of equity securities) or the principal dollar amount (in the case of debt securities) authorized and issued by the issuer.”¹⁴⁹ The term is used in various other of the transfer agent rules. For example, pursuant to existing Rule 17ad-10(e), recordkeeping transfer agents must, among other things, maintain and keep current an accurate control book for each issue of securities (and may not make changes to the control book except upon written authorization from a duly authorized agent of the issuer). Similarly, the definition of “issuer capitalization” in existing Rule 17ad-11(a)(1) is defined as the market value of the issuer’s authorized and outstanding equity securities as “determined by reference to the control book and current market prices.”¹⁵⁰

The terms “authorized,” “issued,” and “outstanding” securities are also used throughout the transfer agent rules, but not always consistently. For example, as noted above, the existing definition of control book refers only to “authorized and issued” securities but does not explicitly reference “outstanding” securities. In contrast, existing Rule 17ad-6(b) requires transfer agents meeting certain conditions to, among other things, retain documentation showing the total number of shares authorized and “the total issued and outstanding pursuant to issuer authorization,” but does not use the term “control book.”¹⁵¹

In the Commission’s experience, the lack of consistent terminology can lead to confusion and inconsistent application of the rules, which in turn may negatively impact a transfer agent’s ability to monitor for overissuance and meet its recordkeeping obligations. Accordingly, to ensure that defined terms are used in a consistent manner throughout the transfer agent rules, and therefore are more likely to be applied accurately and consistently by registered transfer agents, the Commission is proposing a series of amendments designed to define certain key terms and use them consistently throughout the rules.

To that end, the Commission proposes to amend the definition of “control book” to specify that, in addition to authorized and issued securities, it also must show outstanding securities. Specifically, the proposed definition would provide that “control book” means “the record or other document

¹⁴⁴ *Id.*

¹⁴⁵ *Id.*

¹⁴⁶ *Id.*

¹⁴⁷ See Recordkeeping Requirement for Transfer Agents, Exchange Act Release No. 44227 (Apr. 27, 2001), 66 FR 21648, 21656–57 (May 1, 2021) (discussing the benefits associated with transfer agents adopting electronic recordkeeping).

¹⁴⁸ See Exchange Act Rule 17ad-9(b), 17 CFR 240.17Ad-9(b).

¹⁴⁹ 17 CFR 240.17Ad-9(d).

¹⁵⁰ Rule 17ad-11(a)(1), 17 CFR 240.17Ad-11(a)(1).

¹⁵¹ Rule 17ad-6(b), 17 CFR 240.17Ad-(6)(b).

that shows the total number of shares (in the case of equity securities) or the principal dollar amount (in the case of debt securities) of an issuer's authorized, issued, and outstanding securities.”¹⁵²

As discussed in more detail below, the term “authorized securities” will be defined in a new addition to Rule 17ad–9. It would represent the maximum number of securities that may be issued pursuant to the issuer's governing documents. The term “issued securities” refers to the total number of securities (or principal dollar amount in the case of debt securities) that have been granted to stockholders or employees, or that are held in the issuer's treasury (because they have not been sold or granted yet, or because the issuer repurchased them, often referred to as treasury shares). Outstanding securities are the portion of issued securities that have actually been distributed to investors or employees (*i.e.*, issued securities, less any outstanding treasury shares). As discussed below in connection with the proposed amendments to Rule 17ad–10, knowing and tracking the total number of outstanding securities supports a transfer agent's ability to monitor for overissuances.¹⁵³ Yet the existing definition of control book does not reference outstanding securities. The proposed amendment would specify that the control book must include all three categories—authorized, issued, and outstanding—as all three are relevant to transfer agents' efforts to monitor against overissuance and maintain accurate records that are necessary to protect investors, promote the prompt and accurate clearance and settlement of securities transactions, and promote the safeguarding of funds and securities.

4. Credit and Debit

Existing Rule 17ad–9(e) defines “credit” as “an addition of appropriate certificate detail to the master securityholder file,” and existing Rule 17ad–9(f) defines “debit” as “a cancellation of appropriate certificate detail from the master securityholder file.”¹⁵⁴ Consistent with the proposed amendments to Rule 17ad–9(a) above,

¹⁵² See proposed Rule 17ad–9(d). As used here, the term record captures any type of record used or contemplated for use by transfer agents (*e.g.*, physical records, digital records, and records existing on a distributed ledger or blockchain).

¹⁵³ The proposed amendments to Rule 17ad–10 would include a new definition of “overissuance,” which would mean an out-of-balance condition wherein the securities issued and outstanding exceed the securities authorized and outstanding, as reflected in the transfer agent's control book.

¹⁵⁴ 17 CFR 240.17Ad–9(e) and (f).

the Commission also proposes to replace references to “certificate detail” in both definitions with “position detail” to ensure that the definitions apply equally to certificated and uncertificated securities and conform the definitions to the proposed amendments to Rule 17ad–9(a), as discussed above.¹⁵⁵

5. Record Difference

Existing Rule 17ad–9(g) states that a “record difference” occurs when either: “(1) The total number of shares or total principal dollar amount of securities in the master securityholder file does not equal the number of shares or principal dollar amount in the control book; or (2) The security transferred or redeemed contains certificate detail different from the certificate detail currently on the master securityholder file, which difference cannot be immediately resolved.”¹⁵⁶ The Commission is proposing to add a third category of record difference as paragraph (g)(3): position detail in the master securityholder file that is inconsistent with the history of transactions in the transfer journal.¹⁵⁷ Additionally, consistent with the proposed amendments to Rule 17ad–9(a) above, the Commission also proposes to replace references to “certificate detail” in paragraph 17ad–9(g)(2) with “position detail” to ensure that the definition applies equally to certificated and uncertificated securities and conform the definition to the proposed amendments to Rule 17ad–9(a), as discussed above.

Discrepancies or inaccuracies in the master securityholder file can lead to errors in vote counts for corporate actions, missed or incorrect dividend, interest, or other payments to securityholders, errors in other corporate action entitlements, unauthorized or overissuance of securities, improper escheatment, or financial, regulatory, or reputational harm for investors, issuers, and transfer agents. Given the importance of maintaining accurate securityholder records, the term “record difference” should encompass any type of inaccuracy in the securityholder files, regardless of the cause or source of the inaccuracy. The intention in defining the term “record difference” was to “include any type of record difference or inaccuracy in the securityholder files, whether occurring, among other things, as the result of a physical overissuance of shares or clerical or other posting

¹⁵⁵ See proposed Rules 17ad–9(e) and (f).

¹⁵⁶ 17 CFR 240.17Ad–9(g).

¹⁵⁷ See proposed Rule 17ad–9(g).

errors.”¹⁵⁸ Based on the Commission's experience supervising and monitoring the transfer agent industry, the two situations captured by the existing definition of record difference are insufficient to capture other means by which an inaccuracy could be introduced to the master securityholder file. The proposed amendment to the definition of “record difference” would require transfer agents to track and resolve any discrepancy or inaccuracy in the master securityholder file as compared to the control book, transfer journal, or the physical security itself, which can lead to recordkeeping errors that, as discussed above, harm investors and compromise the integrity and efficient functioning of the national clearance and settlement system. A discrepancy between the transfer journal and the master securityholder file could mean that transfers of securities are not recorded in the master securityholder file, potentially leading to some investors not being recorded as registered owners of securities or not being credited with the correct amount of securities.

The addition of this third category of record difference also seeks to resolve inconsistencies between the master securityholder file and the transfer journal, which would help ensure that transfer agents identify and resolve discrepancies in their records that could otherwise lead to inaccurate securityholder records. This addition would reflect the importance of the transfer journal, which is proposed to be defined for the first time in Rule 17ad–9(n) as discussed below, as a key record for tracking changes in position detail.

6. Recordkeeping Transfer Agent

Existing Rule 17ad–9(h) defines “recordkeeping transfer agent” as “the registered transfer agent that maintains and updates the master securityholder file.”¹⁵⁹ As the Commission stated in the 2015 Concept Release, “[a]ll other transfer agents associated with a given issue of securities are defined as ‘co-transfer agents,’ which are registered transfer agents that transfer securities but do not maintain and update the master securityholder file.”¹⁶⁰

In the Commission's view, a single registered transfer agent should be responsible for maintaining and updating the master securityholder file for a given issue. A given issue of

¹⁵⁸ See 17ad–9 through 13 Proposing Release, *supra* note 9, at 47271.

¹⁵⁹ Exchange Act Rule 17ad–9(h), 17 CFR 240.17Ad–9(h) (emphasis added).

¹⁶⁰ 2015 Concept Release, *supra* note 4, at Section IV.A.3 (discussing definition of “recordkeeping transfer agent”).

securities would mean, for purposes of this proposed rule, all of the securities which an issuer has issued and which are intended to be fungible, such as all shares of stock of a given class. As discussed in more detail below, any other requirement would create an unreasonably high risk of errors in master securityholder files, thereby negatively impacting investors and the national clearance and settlement system. Accordingly, the Commission is proposing to amend the definition of “recordkeeping transfer agent” to mean “the registered transfer agent that maintains and updates the master securityholder file for an issue of securities,” and specify that “[t]here can be only one recordkeeping transfer agent for a given issue of securities.”¹⁶¹

This requirement is necessary to ensure that the identity of the one registered transfer agent responsible for both maintaining and updating the master securityholder file is clear and unambiguous to issuers, regulators, and other transfer agents. In the Commission’s experience supervising transfer agents, when multiple entities are responsible for the constituent actions necessary for maintaining and updating the master securityholder file, errors increase, effective communication and clear lines of responsibility decrease, and efficiency, accuracy, and security suffer. Further, transfer agents splitting the recordkeeping function into multiple parts and spreading them among multiple entities can increase the likelihood of recordkeeping errors, compliance failures, and investor harm. Avoiding such deleterious outcomes with respect to such a vital record as the master securityholder file is necessary to ensure the safe and efficient functioning of the national clearance and settlement system, protect investors, and advance the public interest. By specifying that there can be only one recordkeeping transfer agent for a given issue of securities, the proposed amendment will help avoid ambiguity in situations where multiple transfer agents are involved in servicing an issue and ensure that issuers, investors, regulators, and transfer agents themselves have a clear and unambiguous understanding that a single transfer agent must be responsible for maintaining and updating the master securityholder file for a given issue. The proposed amendment would not, however, prevent a recordkeeping transfer agent from utilizing a service company or co-transfer agent, or multiple linked files or systems, or a particular technology, as the

recordkeeping transfer agent nevertheless remains responsible for maintaining and updating the master securityholder file for a given issue.

C. New Definitions To Be Added to Rule 17ad–9

1. Authorized Securities

The Commission proposes to add a new definition for “authorized securities” as paragraph (m) of Rule 17ad–9. The proposed definition would provide that “authorized securities” means “the maximum number of shares of equity securities or principal amount of debt securities or number of units if relating to any other kind of security that can be issued by an issuer as authorized in the issuer’s certificate of incorporation, charter, bond indenture, or similar governing document.”¹⁶² A very similar term is already used (although it has not been defined) in connection with the definition of control book as one of the elements that must be tracked as part of a transfer agent’s control book.¹⁶³ As such, adopting a formal definition of this term would provide clarity and would help ensure consistent interpretation and application of the term as it is used in the Commission’s transfer agent rules. The definition being proposed herein is consistent with the definition as it has long been used and understood throughout the securities industry.

2. Transfer Journal

The Commission proposes to add a new definition for “transfer journal” in Rule 17ad–9(n). The proposed definition would provide that “transfer journal” means “a record of all issuances, cancellations, transfers, distributions of cash or securities, additions and cancellations of position detail, and other information necessary to enable the transfer agent to track and document changes in security ownership, the movement of securities, and other changes.”¹⁶⁴

The term “transfer journal” is referenced in various transfer agent rules but has not been previously defined by the Commission. For example, Rule 17ad–6 requires every registered transfer agent to make and keep current a copy of any transfer journal prepared by a registered transfer agent.¹⁶⁵ Additionally, in Rule 17ad–10, transfer journals are referenced as a communication mechanism between co-

transfer agents to a recordkeeping transfer agent to post certificate detail to the master securityholder file.¹⁶⁶

Transfer journals are typically maintained by transfer agents to document all transactions affecting securities ownership, helping them track changes in ownership, resolve record differences, and ensure accuracy of the master securityholder file, especially when multiple transfer agents help service a single issue. For example, as noted above, a co-transfer agent that transfers a certificated security but does not maintain and update the master securityholder file would document the transfer in its transfer journal and then provide the transfer journal to the recordkeeping transfer agent, who would, subsequent to receiving the transfer journal, update the master securityholder file with the credit, debit, and other relevant information from the co-transfer agent’s transfer journal. Transfer journals are separate and distinct from a master securityholder file. Whereas a master securityholder file establishes the list of an issue’s current registered owners and can only be maintained by the recordkeeping transfer agent as discussed above, a transfer journal is a time-sequenced record of all changes in position detail and can be maintained by any registered transfer agent as a source of information to track and document the changes in security ownership, the movement of securities, and other changes that are processed by that specific transfer agent.

Based on its oversight of the transfer agent industry, the Commission understands that the proposed definition is consistent with most transfer agents’ understanding and use of the term transfer journal. By codifying that common understanding of the term within the Commission’s transfer agent rules, the proposed definition would ensure consistent application of the term, provide specificity to the industry regarding the information that forms a transfer journal, and with the proposed amendments to Rule 17ad–6(a)(10) discussed below, ensure that all registered transfer agents are maintaining this key record.

3. Presentor

The Commission proposes to add a new definition for “presentor” in Rule 17ad–9(o). The proposed definition would provide that “presentor” means the registered securityholder, the entitlement holder, and their authorized agents.¹⁶⁷

¹⁶² See proposed Rule 17ad–9(m).

¹⁶³ See, e.g., 17 CFR 240.17Ad–9(d) ([T]he total number of shares . . . authorized by the issuer.) (emphasis added).

¹⁶⁴ See proposed Rule 17ad–9(n).

¹⁶⁵ See CFR 240.17Ad–6(a)(10).

¹⁶⁶ See CFR 240.17Ad–10(a)(3).

¹⁶⁷ See proposed Rule 17ad–9(o).

¹⁶¹ See proposed Rule 17ad–9(h).

The term “presenter” is used throughout the transfer agent rules in connection with the person “presenting” an item for transfer to a transfer agent. The presenter for a transfer is typically the registered owner, a purchaser, or their authorized agent, such as a broker, who presents a certificated security, a stock power, or, in the case of uncertificated securities, an instruction, to a transfer agent. It is a critical component of the definition of the term “item,” which as noted above is the basic unit for which the turnaround and other processing requirements apply and is an essential term used throughout the transfer agent rules.¹⁶⁸ For example, Rule 17ad–1(a)(1)(i) defines an item as “. . . an instruction to a transfer agent which holds securities registered in the name of the presenter to transfer or to make available all or a portion of those securities.”¹⁶⁹

Despite its importance, the term “presenter” is not defined in the transfer agent rules. The proposed definition would specify and thereby limit who may present items for transfer and would align the definition with the Uniform Commercial Code’s use of the term “appropriate person,” which provides a well-established legal framework for determining who is responsible for directing the transfer of securities. For example, under the Uniform Commercial Code, if a presentment or instruction is made by an “appropriate person”¹⁷⁰ and includes appropriate documentation, the transfer agent has a duty to register the transfer.¹⁷¹ This alignment would promote consistency between the federal transfer agent rules and general principles of commercial law and would help ensure that transfer agents have clear requirements regarding whose instructions they may rely upon when processing transfer requests.

4. Request for Comment

The Commission requests comments on all aspects of the proposed amendments to the definitions in Rules 17ad–1 and 17ad–9. In particular, the Commission requests comments on the following:

25. Are the proposed amendments to the definitions in Rules 17ad–1 and 17ad–9 appropriate and sufficient to modernize the foundational terminology governing transfer agent operations? Are there any gaps, inconsistencies, or

unintended consequences that may remain or result from the proposed amendments, or that the Commission should address?

26. Do the proposed amendments strike the appropriate balance between providing clear and specific requirements and maintaining sufficient flexibility to accommodate current and future technological developments? If not, what modifications would better achieve this balance?

27. Are there any terms used throughout the transfer agent rules that are not addressed in these proposed amendments but that should be defined or clarified? If so, please identify those terms and explain why definitions or clarifications are needed.

28. Are there any international standards, practices, or regulatory frameworks that the Commission should consider in connection with the proposed amendments to the definitions in Rules 17ad–1 and 17ad–9? If so, please identify those standards, practices, or frameworks and explain how they should inform the Commission’s approach.

29. Are the proposed amendments to the definition of “item” appropriate and sufficient to ensure the definition applies to all forms of securities and all methods by which transfer instructions are submitted? Should any additional categories be included in or excluded from the definition? Is the proposed addition of subsection (iv), covering transfer instructions submitted through DTC’s DWAC service or functionally similar services operated by a central securities depository, appropriate? Does the phrase “functionally similar service” provide sufficient clarity, or should the Commission provide additional guidance or examples of what constitutes a functionally similar service?

30. Does the proposed definition of “item” adequately capture transfer instructions submitted through blockchain-based or other distributed ledger technology platforms? Are there specific characteristics of these platforms that the Commission should address in the definition or in accompanying guidance?

31. Are the proposed amendments to the definition of “receipt” appropriate? Would these amendments provide sufficient clarity regarding when items and other communications are considered to be received by transfer agents?

32. Should the proposed definition of “receipt” address situations where a transfer agent’s electronic systems are unavailable due to technical failures, cyberattacks, or other disruptions? For

example, should the definition specify how receipt is determined when a transfer agent’s systems are temporarily offline or when an electronic transmission is delayed due to technical issues outside the transfer agent’s control?

33. Is the proposed amendment to the definition of “routine” appropriate? Would replacing the reference to “certificate” with “security” in paragraph (i)(2) of the definition provide sufficient clarity regarding its application to both certificated and uncertificated securities? In light of the proposed rescission of Rule 17ad–4, should paragraph (i)(5) of the definition of “routine” be amended so that redemptions or exchanges of investment company shares would be considered routine items? Should any other changes be made to this definition?

34. Are the proposed amendments to replace “certificate detail” with “position detail” throughout Rules 17ad–1 and 17ad–9 appropriate? Is the proposed expanded list of information to be included in position detail appropriate?

35. Would the proposed amendment to replace “certificate detail” with “position detail” materially affect the way transfer agents will interpret and comply with rules that the Commission proposes to amend to include the latter term? For example, would the inclusion of position detail in a particular rule increase the time and cost burden it may require to comply with an existing or proposed rule?

36. Are the proposed amendments to expand the definition of “position detail” to include, among other things, a unique identifier for securities appropriate? Are CUSIP and FIGI appropriate identification numbers to refer to as examples for both traditional and tokenized securities? If not, what alternative identification numbers or systems should be included, and why? Are there any specific considerations or challenges associated with using CUSIP or FIGI for certain types of securities, such as tokenized securities? Is it possible for a security to have more than one unique identifier and if so, should the Commission’s rules address which unique identifier registered transfer agents should be required to include in their records? Should transfer agents be required to record certificate numbers for certificated securities?

37. In light of advancements in technology and changes in industry practices, are there any specific items currently required to be included in the definition of “position detail” that are less relevant or obsolete today? Are there particular technologies or systems

¹⁶⁸ See Rule 17ad–1 through 17ad–7 Adopting Release, *supra* note 50, at 32404.

¹⁶⁹ 17 CFR 240.17Ad–1(a)(1)(i) (emphasis added).

¹⁷⁰ UCC § 8–401.

¹⁷¹ See UCC §§ 8–401 and 8–402.

used by transfer agents that render certain aspects of the “position detail” definition unnecessary, redundant, or unworkable? Should any additional information be required or should any of the proposed requirements be modified to reflect any information that has become less relevant in light of modernization (e.g., issue/cancellation date)? Should any additional information be required or should any of the proposed requirements be modified to reflect any information that has become more relevant in light of modernization (e.g., wallet address as the primary identifier of record for tokenized securities)?

38. Is the proposed amendment to Rule 17ad-9(a)(3) regarding “position detail” to replace the term “registration” with a description of the specific information that constitutes registration (i.e., the securityholder’s full name and any other relevant identifying, titling, or formatting information necessary to accurately identify the specific securityholder to the exclusion of other securityholders) appropriate and sufficient? Does the proposed description adequately capture all of the information that should be included in a securityholder’s registration, including for all types of securityholders and ownership structures? Is the proposed description sufficiently flexible to enable technological innovation?

39. Would an alternative approach to a securityholder’s identifying information in Rule 17ad-9(a)(3) of the definition of “position detail” be more appropriate? Specifically, should Rule 17ad-9(a)(3) use a principles-based approach that would require only the information reasonably necessary to accurately identify the specific securityholders to the exclusion of other securityholders? If so, is there any additional information that a transfer agent should collect? As another alternative, should Rule 17ad-9(a)(3) require that the transfer agent collect some unique identifying information that can be tied to an individual’s name and address, which could include, for example, the name and physical mailing address or some other unique identifier?

40. If a securityholder does not provide a transfer agent with the securityholder’s full name and physical mailing address, would the securityholder still be considered a registered securityholder pursuant to applicable law? Does it depend on variations in state law and/or the types of securities at issue? Is there any information which a securityholder, seeking to be a direct, registered holder of a security must provide to a transfer agent to establish the securityholder’s

ownership of the security pursuant to applicable law?

41. Would an alternative approach to Rule 17ad-9(a)(4) regarding the definition of “position detail” be more appropriate? Specifically, should Rule 17ad-9(a)(4) of the definition of “position detail” omit the requirement to collect, at a minimum, a securityholder’s physical mailing address as contact information? Should Rule 17ad-9(a)(4) be revised to use a principles-based approach that would require the collection of only the information reasonably necessary to establish contact with the securityholder? Should Rule 17ad-9(a)(4) include some other minimum requirement for contact information, such as an email address, phone number, and digital wallet address? Is there any information in addition to contact information that a transfer agent should collect?

42. Would a transfer agent’s failure to collect a securityholder’s full name and physical mailing address affect the transfer agent’s ability to comply with any other applicable law or regulations? Would a transfer agent’s failure to collect a securityholder’s full name and physical mailing address affect any other person’s ability to comply with any other applicable law or regulations? If so, please specify the applicable law or regulations and how a transfer agent’s failure to collect a securityholder’s full name and physical mailing address would affect compliance.

43. Are there any other entities or persons that rely on the securityholder information collected by transfer agents who would be affected by a transfer agent’s failure to collect a securityholder’s full name and physical mailing address? If so, please identify the entities or persons and explain how they would be affected by a transfer agent’s failure to collect a securityholder’s full name and physical mailing address.

44. Does the collection of full name and physical mailing address create circumstances that increase the likelihood of unauthorized disclosure of personally identifying information or present other risks to investors?

45. Is the proposed amendment to require that master securityholder files be maintained in electronic form appropriate? Would the proposed conditions within the definition of “master securityholder file” be sufficient to ensure the integrity and reliability of the master securityholder file? Should the Commission impose different or additional conditions on the maintenance of the master securityholder file? If so, please explain

what additional conditions should be imposed and why, and whether any such conditions should apply uniformly to all transfer agents or should they vary based on the size, complexity, or type of securities handled by the transfer agent?

46. Is the proposed amendment to specify that there can be only one recordkeeping transfer agent for a given issue of securities appropriate? Are there situations currently where two or more registered transfer agents effectively serve as the recordkeeping transfer agent for a given issue of securities? Would this proposed amendment affect any types of securities or products in particular, such as exchange-traded funds or tokenized securities?

47. Is the Commission’s proposed explanation that an issue of securities means, for purposes of identifying the recordkeeping transfer agent, all of the securities which an issuer has issued and which are intended to be fungible, such as all shares of stock of a given class, appropriate? Are there other meanings of the term “issue” that the Commission should consider? Should the Commission distinguish securities that are the same class but issued in different formats, such as uncertificated and tokenized?

48. Could the use of multiple linked files or systems for maintaining the master securityholder file lead to situations where more than one registered transfer agent is effectively acting as the recordkeeping transfer for a given issue of securities?

49. Would an alternative, principles-based approach be more appropriate for recordkeeping transfer agents? For example, should the Commission allow more than one transfer agent to serve as the recordkeeping transfer agent for a given issue of securities so long as each recordkeeping transfer agent remains equally responsible and liable for the accuracy of the master securityholder file as a whole and is able to produce the entire master securityholder file upon request? Are there any other conditions, limitations, or situations the Commission should consider if more than one transfer agent were to serve as a recordkeeping transfer agent for a given issue of securities? Should the Commission allow a recordkeeping transfer agent to not serve as a recordkeeping transfer agent for the entire issue of securities?

50. Are there specific requirements or conditions that should apply to the use of blockchain or other distributed ledger technology as a master securityholder file or a component thereof?

51. Are the proposed new definitions for “authorized securities,” “transfer

journal,” and “presenter” appropriate? Should these definitions be modified in any way?

52. What implementation challenges, if any, would transfer agents face in complying with the proposed amendments to the definitions? What transition period would be appropriate, and would phased implementation of certain amendments be beneficial?

D. Amendments to Rule 17ad-2

Rule 17ad-2 sets processing performance standards for transfer agents. Under the rule, transfer agents who are not acting as a registrar must turnaround within three business days of receipt at least 90% of all “routine items”¹⁷² received by the transfer agent during any month.¹⁷³ The rule specifies that items received at or before noon on a business day shall be deemed to have been received at noon on that day, and items received after noon on a business day or on a day that is not a business day shall be deemed to have been received at noon the next business day.¹⁷⁴ Non-routine items must receive “diligent and continuous attention” and must be “turned around as soon as possible.”¹⁷⁵ Routine items that are not turned around within three business days nevertheless must be “turned around promptly.”¹⁷⁶ Registered transfer agents acting as an outside registrar must “process” at least 90% of all items received during any given month no later than noon of the next business day for any item received after noon and no later than the opening of business on the next business day for those items received at or before noon.¹⁷⁷ If a transfer agent fails to meet the performance standards for turnaround set forth in Rule 17ad-2 with respect to any month, it must notify the Commission and the transfer agent’s ARA if it is not the Commission within 10 business days of the end of the month, provide certain turnaround data regarding specific numbers and percentages of items, explain the reasons for the failure, identify what steps have been taken to prevent future failures, and provide certain data regarding routine items that have not

been turned around and have been in the transfer agent’s possession for “more than four business days.”¹⁷⁸ Similar notification requirements apply where a transfer agent acting as an outside registrar fails to meet the processing performance standards.¹⁷⁹ If a transfer agent receives items at locations other than the premises at which it performs transfer agent functions, the transfer agent must have appropriate procedures to assure, and must assure, that items are forwarded to such premises promptly.¹⁸⁰ Rule 17ad-2(g) requires a registered transfer agent that receives processed items from an outside registrar to have appropriate procedures to assure, and to assure, that such items are made available promptly to the presenter.¹⁸¹

The Commission is proposing several targeted amendments to the requirements regarding turnaround and processing, as well as conforming changes to the related notice requirements. In addition, the Commission is proposing to eliminate the turnaround provision for certain exempt transfer agents in light of the proposed rescission of Rule 17ad-4 discussed in Section III.F below. We discuss these proposed changes in more detail below. The Commission is not proposing any changes to paragraphs (f) and (g) of Rule 17ad-2.

1. Turnaround and Processing of Routine Items

Existing Rule 17ad-2(a) requires transfer agents who are not acting as an outside registrar to turnaround within three business days of receipt at least 90% of all “routine items”¹⁸² received by the transfer agent during any month.¹⁸³ The rule specifies that items received at or before noon on a business day shall be deemed to have been received at noon on that day, and items received after noon on a business day or on a day that is not a business day shall be deemed to have been received at noon the next business day.¹⁸⁴

The Commission is proposing to amend Rule 17ad-2(a) to require registered transfer agents (except when

acting as an outside registrar) to establish, maintain, and enforce written policies and procedures reasonably designed to ensure that the transfer agent turns around all routine items received for transfer within the shorter of one business day or the time period specified by Rule 15c6-1(a) under the Exchange Act.¹⁸⁵ The proposed rule would eliminate the existing provision that provides for a noon cutoff in determining when an item is received. Instead, pursuant to the proposed amended definition of receipt in Rule 17ad-1 discussed above, an item would be considered to be received on the business day it is received by the transfer agent. Thus, an item received at any point on a business day would be considered to be received on that day. In determining whether policies and procedures are reasonably designed, transfer agents would likely need to consider various factors, including their size, operational complexity, the nature and scope of services provided, technological capabilities, and evolving industry standards and practices, among other things.

Similarly, existing Rule 17ad-2(b) requires transfer agents acting as outside registrars to process at least 90% of all items, other than certain nonroutine items, received during a month by the open of business on the next business day or by noon of the next business day, depending on the time of day an item was received.¹⁸⁶ As with the proposed amendments to paragraph (a), the Commission is proposing to amend Rule 17ad-2(b) to require transfer agents acting as an outside registrar to establish, maintain, and enforce written policies and procedures reasonably designed to ensure that the transfer agent processes all items received within the existing time frames specified in the rule. The remaining provisions of paragraph (b), including the exception from the definition of “items received” for items enumerated in Rule 17ad-1(i)(5), (6), (7), or (8), would remain the same.

The Commission recognizes that these proposed amendments would be a significant change from the existing requirement to turn around within three business days 90% of all routine items received during a given month and to process by the next business day 90% of all applicable items received by an outside registrar. However, the existing rule was adopted in 1977.¹⁸⁷ At that

¹⁷² Routine items are defined in Rule 17ad-1(i), 17 CFR 240.17Ad-1(i).

¹⁷³ See 17 CFR 240.17Ad-2(a). However, a transfer agent that is exempt under Rule 17ad-4(b) and that has received 30 days notice of depository-eligibility of an issue for which it performs transfer agent functions must turnaround 90% of all routine items received each month within five business days of receipt. See Rule 17ad-2(e)(2), 17 CFR 240.17Ad-2(e)(2).

¹⁷⁴ See 17 CFR 240.17Ad-2(a).

¹⁷⁵ See 17 CFR 240.17Ad-2(e).

¹⁷⁶ See *id.*

¹⁷⁷ See 17 CFR 240.17Ad-2(b).

¹⁷⁸ See 17 CFR 240.17Ad-2(c).

¹⁷⁹ See 17 CFR 240.17Ad-2(d).

¹⁸⁰ See 17 CFR 240.17Ad-2(f).

¹⁸¹ See 17 CFR 240.17Ad-2(g).

¹⁸² Routine items are defined in Rule 17ad-1(i), 17 CFR 240.17Ad-1(i).

¹⁸³ See 17 CFR 240.17Ad-2(a). However, a transfer agent that is exempt under Rule 17ad-4(b) and that has received 30 days notice of depository-eligibility of an issue for which it performs transfer agent functions must turnaround 90% of all routine items received each month within five business days of receipt. See Rule 17ad-2(e)(2), 17 CFR 240.17Ad-2(e)(2).

¹⁸⁴ See 17 CFR 240.17Ad-2(a).

¹⁸⁵ See proposed Rule 17ad-2(a).

¹⁸⁶ 17 CFR 240.17Ad-2(b) and (g).

¹⁸⁷ See Rule 17ad-1 through 17ad-7 Adopting Release, *supra* note 50.

time, nearly all securities were certificated and turnaround was a complicated and time-consuming manual process, often involving multiple parties. The three-day turnaround and 90% threshold requirements in paragraph (a) were tailored to accommodate this complicated and time-consuming manual process.¹⁸⁸ Today, nearly all securities are either immobilized at DTC or fully uncertificated, and turnaround is a significantly more streamlined process predominantly effected through electronic debits and credits to the parties' respective book-entry securities accounts.¹⁸⁹ Further, as technology has advanced, so too have transfer agents' technological and operational capabilities. Ticket windows and couriers have been replaced with electronic communications, high fidelity scans, and reliable overnight delivery services, manual processes have been automated, and efficiency in general has vastly improved. The Commission understands that, with these advancements, the vast majority of transfer agents now regularly turn around and process routine items within one business day or less, even for certificated securities. Further, the standard securities settlement cycle for most broker-dealer securities transactions is currently one day following the trade date, or T+1.¹⁹⁰ Linking the turnaround requirement for transfer agents to the existing settlement cycle for most broker-dealer securities transactions will help ensure that most investors' securities transactions settle within the same time frame, regardless of whether the investor holds in street name (*i.e.*, through a broker-dealer) or in registered form (*i.e.*, with a transfer agent).

Because turnaround and processing times have improved since the adoption of the rule, it is no longer necessary to require a particular percentage of compliance by a specified time to accommodate the time needed for

manual turnaround and processing. Instead, the proposed amendments would require written policies and procedures reasonably designed to ensure the timely turnaround of all routine items and processing of all applicable items. Based on the Commission's experience regulating transfer agents, and as discussed above, most transfer agents either regularly turn around or process, or are capable of turning around or processing, nearly all applicable items within a business day or less. The proposed policies and procedures approach would promote the prompt and accurate clearance and settlement of securities transactions by requiring transfer agents to develop written policies and procedures reasonably designed to accomplish compliance without imposing a *de facto* strict liability standard that would result in a rule violation for a single missed turnaround or processing deadline.

As discussed in this release, the Commission is proposing to rescind Rule 17ad-4, which exempts small transfer agents from the turnaround requirements of existing Rule 17ad-2. In light of this rescission, the Commission is proposing to delete the turnaround provision for certain exempt transfer agents in Rule 17ad-2(e)(2). As a result, all registered transfer agents would be subject to the turnaround requirement for routine items in proposed Rule 17ad-2(a). As discussed in more detail below, given the operational capabilities of modern transfer agents, including small transfer agents, and the importance of timely turnaround, removal of the exemption for small transfer agents is appropriate to promote the prompt and accurate clearance and settlement of securities transactions.

2. Notice Requirements

Existing Rule 17ad-2(c) requires transfer agents that fail to comply with Rule 17ad-2(a) with respect to any month to notify the Commission and the transfer agent's ARA if it is not the Commission within 10 business days of the end of the month, provide certain data regarding the number and percentages of items that the transfer agent failed to turn around in accordance with Rule 17ad-2(a), explain the reasons for the failure, identify what steps have been taken to prevent future failures, and provide certain data regarding routine items that have not been turned around and have been in the transfer agent's possession for "more than four business days."¹⁹¹ Existing Rule 17ad-2(d) provides similar notification requirements when

a transfer agent acting as an outside registrar fails to comply with Rule 17ad-2(b).¹⁹²

As discussed above, the Commission is proposing to replace the metrics-based 90% turnaround and processing requirements in paragraphs (a) and (b) with a requirement to have written policies and procedures reasonably designed to ensure 100% compliance. Given these amendments, it no longer makes sense to tie the notification provisions in paragraphs (c) and (d) to a "failure to comply" with paragraphs (a) and (b). Accordingly, the Commission is proposing to amend Rules 17ad-2(c) and (d) to require registered transfer agents to provide the required notifications when they fail to turn around or process more than three percent of applicable items within the time frames specified in proposed Rule 17ad-2(a) and Rule 17ad-2(b), respectively. Based on our experience supervising transfer agents and monitoring the notices required under existing Rule 17ad-2, imposing a three percent threshold for the notification requirements in paragraphs (c) and (d) is reasonable and appropriate. First, few transfer agents fail to turn around or process in a timely manner 90% of applicable items received each month. Rather, as noted above, the vast majority of transfer agents regularly turn around and process nearly 100% of all applicable items within one business day or less, even for certificated securities, or are readily capable of doing so. Second, modern transfer agents process significantly more items per month than did transfer agents in 1977, when Rule 17ad-2 was adopted. Given the significant improvements in processing capabilities and the significant increases in transaction volume discussed above, establishing a three percent threshold would ensure the Commission and other ARAs receive the early warning the rule is designed to provide, but only in situations where the turnaround failure potentially indicates a serious performance issue.

3. Conforming Changes and Turnaround of Non-Routine Items

Existing Rule 17ad-2(e)(1) requires that all routine items not turned around within three business days of receipt as required by paragraph (a) and all items not processed within the periods required by paragraph (b) shall be turned around promptly and "all nonroutine items shall receive diligent

¹⁸⁸ See generally Rule 17ad-1 through 17ad-7 Adopting Release, *supra* note 50; see also Proposal to Adopt Rules 17Ad-1, 17Ad-2, 17Ad-3, 17Ad-4 and 17Ad-5 under the Securities Exchange Act of 1934, Exchange Act Release No. 12440 (May 12, 1976), 41 FR 22595 (June 4, 1976), pertaining to certificate turnaround time, reporting requirements related thereto, response time for confirmation requests and other correspondence and recordkeeping requirements for registered transfer agents; Regulation of Transfer Agents, Exchange Act Release No. 13293 (Feb. 24, 1977), 42 FR 12191 (Mar. 3, 1977) ("Rule 17ad-1 through 17ad-7 Re-Proposing Release").

¹⁸⁹ For a description of the clearance and settlement process for immobilized and uncertificated securities, see 2015 Concept Release, *supra* note 4, at Section III.B.

¹⁹⁰ 17 CFR 240.15c6-1(a).

¹⁹¹ See 17 CFR 240.17Ad-2(c).

¹⁹² See 17 CFR 240.17Ad-2(d).

and continuous attention and shall be turned around as soon as possible.”¹⁹³

As discussed above, the Commission is proposing to replace the metrics-based 90% turnaround and processing requirements in paragraphs (a) and (b) with a requirement to have written policies and procedures reasonably designed to ensure the turnaround and processing of all applicable items within the time frames specified in those rules. Consistent with those proposed amendments, the Commission is proposing conforming changes to Rule 17ad-2(e)(1) to require that all routine items not turned around within the time specified in paragraph (a) of this rule and all items not processed within the periods specified in paragraph (b) of this rule shall be turned around promptly. The Commission is not proposing any changes to the provision in paragraph (e)(1) regarding the turnaround of non-routine items.

4. Written Notice for Rejected Items

Proposed Rule 17ad-2(e)(2) would require every registered transfer agent to provide a written notification to the presenter for any item rejected by the transfer agent that identifies the rejected item, the reasons for rejection, and the specific actions the presenter must undertake for the item to be accepted by the transfer agent for processing or turnaround to be completed. This written notification must be provided (*i.e.*, sent) within one business day of receipt of any item that is rejected by the transfer agent.¹⁹⁴

Existing Rule 17ad-2 does not require transfer agents to notify a presenter if an item is rejected by the transfer agent. This means that an investor, intermediary, or other presenter may not be aware that an item has been rejected by the transfer agent and therefore will not be transferred. Based on the Commission's supervisory experience, individual investors, broker-dealers, and other presentors would benefit by being both notified that an item has been rejected by the transfer agent and provided the reasons for the rejection. In many instances, the missing or additional information or documentation that would make the item acceptable could be provided by the presenter if the presenter knew that such information or documentation was required. In addition, the proposed rule would require transfer agents to provide the written notification only for items rejected by the transfer agent. This means that, if the transfer agent is not

responsible for the rejection, then the transfer agent would not be required to provide a written notification to the presenter. The notification requirements of proposed Rule 17ad-2(e)(2) described above are designed to address these issues and ensure that presentors are aware of and have an opportunity to cure any defects in the items they present so that turnaround can be accomplished as quickly and efficiently as possible, and settlement delays can be minimized, thereby promoting the prompt and accurate clearance and settlement of securities transactions.

5. Instructions for Filing Certain Required Information With ARAs

Rule 17ad-2(h) provides registered transfer agents with instructions regarding how to file the notices required by Rules 17ad-2(c) and (d) with the ARAs. Rule 17ad-2(h) is also referenced in Rules 17Ad-11 and 17ad-13, which require registered transfer agents to file certain reports with the ARAs, and in the proposed changes to Rule 17ad-7, which would require registered transfer agents to file certain agreements with the ARAs. As a result, the Commission is proposing to amend Rule 17ad-2(h) to state that any notice required by this section or any report required by Rules 17Ad-11 or 17ad-13, or any written agreement required by Rule 17ad-7(h) shall be filed pursuant to the instructions in Rule 17ad-2(h)(1) through (4).¹⁹⁵ In light of the proposed rescission of Rule 17ad-4 discussed below, the Commission is also proposing to delete the existing reference to notices required under existing Rule 17ad-4. In addition, the Commission proposes to replace the word “notice” with “information” in Rule 17ad-2(h)(1) through (4) to broaden the reference to the types of information that is required to be filed with the ARAs and to replace the existing filing instructions for each ARA with email addresses for each ARA to modernize and simplify the filing instructions.¹⁹⁶ Specifically, proposed Rule 17ad-2(h)(1) would require that any information required to be filed with the Commission shall be filed to the following dedicated email address, *TransferAgentFiling@sec.gov*. Proposed Rules 17ad-2(h)(2) through (4) would similarly provide that any information required to be filed with the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation shall be filed to dedicated email addresses. Providing for

the electronic filing of this required information to dedicated ARA email addresses would be in the public interest as it would remove the burden on transfer agents of preparing and submitting the required information in paper and submitting multiple copies to different ARA office locations, depending on the ARA. In addition, the proposed change from paper filings to email submissions would increase efficiency and decrease costs for transfer agents with respect to their filing obligations, as well as facilitate Commission oversight of the filings by streamlining the process of tracking, reviewing, storing, and retrieving the email submissions made by transfer agents.

6. Request for Comment

The Commission requests comments on all aspects of the proposed amendments to Rule 17ad-2. In particular, the Commission requests comments on the following:

53. Is a policies and procedures requirement for turnaround and processing appropriate? Is a policies and procedures requirement preferable to a prescriptive performance standard that would require turnaround and processing to be completed within a specific timeframe? Why or why not?

54. Are there any specific elements that the Commission should require transfer agents to include in their written policies and procedures to ensure they are “reasonably designed” to achieve timely turnaround of routine items?

55. Is a one business day turnaround standard for routine items appropriate? Should a different timeframe be used? Are there categories of routine items for which a one business day standard would be impractical or inappropriate? Pursuant to the proposed amended definition of receipt in Rule 17ad-1, an item would be considered to be received on the business day it is received by the transfer agent. Thus, an item received at any point on a business day would be considered to be received on that day. Is a one business day turnaround standard for routine items received at any point on a business day appropriate and operationally feasible?

56. Should the Commission retain a minimum performance threshold for routine items rather than, or in addition to, a policies and procedures requirement? If so, what threshold would be appropriate given current transfer agent capabilities?

57. Should transfer agents acting as outside registrars have different performance standards for processing items? Is the function of an “outside

¹⁹³ Exchange Act Rule 17ad-2(e)(1), 17 CFR 240.17Ad-2(e)(1).

¹⁹⁴ See proposed Rule 17ad-2(e)(2).

¹⁹⁵ See proposed Rule 17ad-2(h).

¹⁹⁶ See proposed Rule 17ad-2(h)(1) through (4).

register” obsolete and should the terms and rules around “outside registrar” be rescinded in Rules 17ad–1, 2, and 6?

58. With respect to proposed rule 17ad–2(a), is the elimination of the noon cutoff rule for registered transfer agents and its replacement with a business day standard appropriate? Are there operational or logistical reasons to retain a cutoff time for determining when an item is received?

59. Is three percent an appropriate threshold for imposing the notice requirements under Rule 17ad–2(c) and (d)? Why or why not? If not, what threshold would be appropriate and why?

60. Should the Commission require transfer agents to provide a written notice to the presenter for items rejected by the transfer agent? Is one business day an appropriate timeframe for providing such notice? Is the requirement that the notice identify the rejected item, the reasons for rejection, and the specific actions the presenter must undertake for the item to be accepted reasonable, operationally feasible, and conducive to the use of automated means of handling routine items promptly? Should the Commission prescribe the format or content of the required written notification in more detail than proposed?

61. Should the Commission require transfer agents to provide a written notification to the presenter for a rejected onchain transfer even though the transfer agent was not responsible for rejecting the item? Would the transfer agent have sufficient information to be able to provide the written notification? If so, should the Commission exempt rejected onchain transfers from the written notification requirement?

62. Should the Commission require transfer agents to establish, maintain, and enforce written policies and procedures reasonably designed to ensure that written notifications are provided in a timely manner to the presenter of each rejected item with specific details regarding the reason for rejection? Would a policies and procedures approach permit transfer agents to better address circumstances where the transfer agent might be unaware of a rejected item and thus, unable to provide a written notification?

63. Should the Commission require transfer agents to track and retain data on rejected items, including the reasons for rejection and the time taken to notify presentors? If so, for how long should such data be retained?

64. Is the existing standard for non-routine items sufficiently clear and

workable? Should the Commission provide additional guidance on what constitutes “diligent and continuous attention”?

65. How would these proposed changes to Rule 17ad–2 affect transfer agents that provide services to investment companies? Are there any aspects of the proposed changes that do not reflect how shareholder transactions with certain investment companies work or would not be feasible for those transfer agents? If so, what are they and should exemptions or additional changes be provided? Should the rules separately address certain activities that investment company transfer agents conduct, such as ensuring that transacting shareholders receive the correct net asset value or processing shareholder exchange transactions involving the movement from one investment company to another?

66. What transition period, if any, would be appropriate for transfer agents to develop and implement written policies and procedures compliant with the proposed amendments to Rule 17ad–2?

E. Amendments to Rule 17ad–3

Rule 17ad–3 provides limitations on the expansion of transfer agent activities if a transfer agent is unable to meet the minimum performance standards established by Rule 17ad–2. Any transfer agent that is required pursuant to Rule 17ad–2(c) or (d) to provide notice for failure to meet the performance standards for three consecutive months is prohibited from taking on new issues or providing new services for existing issues.¹⁹⁷ Further, if a transfer agent fails, for each of two consecutive months, to timely turnaround or process at least 75% of all routine items, it is subject to the limitations on expansion specified in Rule 17ad–3(a) and must notify the chief executive officer of each issuer for which the transfer agent acts.¹⁹⁸ Thus, Rules 17ad–2 and 17ad–3, taken together, are designed to provide an early warning system to alert issuers, the Commission and other ARAs of untimely performance and potential problems.¹⁹⁹

¹⁹⁷ 17 CFR 240.17Ad–3(a). Such limitations on the business of the transfer agent continue until there has been a period of three successive months in which no notices have been required.

¹⁹⁸ 17 CFR 240.17Ad–3(b).

¹⁹⁹ See Rule 17ad–1 through 17ad–7 Adopting Release, *supra* note 50 (describing Rules 17ad–1 through 17ad–7 generally to include, among other things, “early warning of inadequate transfer agent performance,” and, 17ad–3 specifically, as “designed to maintain the status quo so that a transfer agent can bring its performance into compliance with the rules.”)

As discussed above, the proposed amendments to Rule 17ad–2(c) and (d) would require a registered transfer agent to notify the Commission or the transfer agent’s ARA if it fails to turnaround or process more than three (3) percent of routine items within the time frames specified in proposed Rule 17ad–2(a) and Rule 17ad–2(b), respectively. The Commission is proposing a three percent threshold because, given the significant improvements in transfer agents’ processing capabilities and increases in transaction volume, it believes a three percent threshold would ensure the Commission and other ARAs receive the early warning the rule is designed to provide, but only in situations where the turnaround failure potentially indicates a serious performance issue. Under existing Rule 17ad–3(a), a transfer agent that is required to file a notice pursuant to Rule 17ad–2(c) and (d) for each of three consecutive months is prohibited from taking on new issues or providing new services for existing issues. Prohibiting transfer agents with such operational failures from taking on new business would have multiple benefits, including incentivizing a higher success rate, avoiding further failures by preventing such transfer agents from assuming work they may not be able to adequately complete, and ensuring that transfer agents first focus on the success rate of their current volume before expanding their workload.

For similar reasons, the Commission is proposing to amend the threshold in Rule 17ad–3(b) from 75% to 95% (a failure rate change from 25% to 5%, respectively) so that any registered transfer agent that fails, for each of two consecutive months, to turn around or process more than five percent of applicable items within the time specified in Rule 17ad–2(a) or in Rule 17ad–2(b), respectively, would be subject to the limitations on expansion in Rule 17ad–3(a) and required to notify the chief executive officer of each issuer for which the transfer agent acts. For the same reasons a three percent threshold is appropriate for Rules 17ad–2(c) and (d), a five percent threshold for Rule 17ad–3(b) is the appropriate threshold to ensure that Rule 17ad–3 continues to serve its intended purpose, because it requires a higher failure rate over two consecutive months to trigger the Rule but implicates more severe consequences. As explained above, the vast majority of transfer agents regularly turnaround and process nearly 100% of all routine items within one business day or less, or are readily capable of doing so, and modern transfer agents

process significantly more items per month than did transfer agents in 1977 when Rules 17ad-2 and 17ad-3 were adopted. Thus, a failure to turn around five percent of routine items within the required timeframe for two consecutive months would be a significant operational failure. Requiring registered transfer agents to provide additional notice to their clients of such significant operational failures would help ensure that issuers receive the warning the rule is designed to provide, but only in situations where the turnaround failure potentially indicates a serious performance issue.

1. Request for Comment

The Commission requests comments on all aspects of the proposed amendments to Rule 17ad-3. In particular, the Commission requests comments on the following:

67. Should Rule 17ad-3 be rescinded entirely? Please explain.

68. What threshold, if any, would be appropriate in Rule 17ad-3(b) to impose limitations on expansion and require notification to issuers? Is 95% too low or too high?

69. Should the Commission consider using other metrics to determine whether to limit a transfer agent's activities? Please explain in detail.

70. Are there other ways for issuers, the Commission, or other ARAs to be alerted to a transfer agent's untimely performance in turning around or processing routine items? Would the proposed change to Question 9 on Form TA-2 provide sufficient information to evaluate a transfer agent's turnaround and processing of routine items?

71. Are there other alternative approaches that the Commission should consider? Why or why not? If so, what alternative approaches should the Commission consider? Please explain in detail.

F. Rescission of Rule 17ad-4

1. Background and Existing Rule

Rule 17ad-4 provides certain exemptions from the turnaround, processing, and recordkeeping rules.²⁰⁰ Rule 17ad-4(a) creates an exemption from Rules 17ad-2, 17ad-3, and 17ad-6(a)(1)-(7) and (11) for the processing of interests in limited partnerships, DRIPs, and redeemable securities issued by investment companies registered under Section 8 of the 1940 Act, which are also known as open-end funds ("Fund Shares").²⁰¹ Rule 17ad-4(b) provides a similar exemption from Rules 17ad-2(a), (b), (c), (d) and (h), 17ad-3, and

17ad-6(a)(2)-(7) and (11) for "exempt transfer agents," which are defined as those that received fewer than 500 items for transfer and fewer than 500 items for processing within a consecutive six month period, provided that the transfer agent has filed proper notice of its exempt status with its ARA or has prepared a document certifying that the transfer agent qualifies as exempt (with respect to those ARAs where filing is not required).²⁰²

Rule 17ad-4 was adopted in 1977. The rationale for not requiring exempt transfer agents to comply with the turnaround and related recordkeeping requirements at that time was based on the Commission's assessment that "the number of transfers performed by many transfer agents is relatively small and involves issues which are not traded actively," and therefore, it was "not necessary or appropriate at this time to require those transfer agents to comply with the minimum performance standards and certain recordkeeping provisions."²⁰³ It was for a similar reason—the low volume of transfers—that the Commission determined that interests in limited partnerships were also appropriately exempted from the turnaround and processing requirements.²⁰⁴

The rationale for exempting Fund Shares and DRIPs was similar but slightly different. Comments on the original proposed turnaround and recordkeeping rules noted that "the activities performed by transfer agents for [Fund Shares] involve for the most part the redemption of fund shares which is governed by Section 22(e) of the Investment Company Act of 1940 . . . and that the steps involved therein are significantly different from those required to transfer the ownership of stocks and bonds on an issuer's records."²⁰⁵ The Commission believed at the time that "it would be desirable to study further the need for, and the nature of, minimum performance standards for the transfer of [Fund Shares]."²⁰⁶ When adopting the exemption for Fund Shares a few months later, the Commission also stated that "[t]he amount of certificated fund shares is relatively small, and the amount of transfer agent activity in connection with transferring ownership of certificated shares represents a very small part of a transfer agent's activity

with regard to an open-end investment company."²⁰⁷ For these reasons, the Commission determined that the turnaround and related recordkeeping requirements would "not apply to the issuance, redemption or transfer of [Fund Shares]."²⁰⁸ Similarly, because "transfers and withdrawals of shares from dividend reinvestment plans" also "require procedures significantly different from the procedures required to transfer ownership of stocks and bonds," the Commission decided to expand the exemption to include DRIPs as well.²⁰⁹

In short, the original rationale for the exemptions provided in Rule 17ad-4 was that it was not necessary or appropriate to require smaller transfer agents for thinly-traded issues to comply with the minimum performance standards and recordkeeping provisions, nor was it necessary or appropriate to apply those standards and provisions to processes that, as the Commission understood at that time, were significantly different from the transfer of ownership of stocks and bonds on issuers' records. As the Commission noted with respect to Fund Shares, more study was needed.²¹⁰

2. Proposed Rescission

After nearly half a century of further experience, it is no longer necessary or appropriate to exempt transfer agents from the minimum performance standards and related recordkeeping provisions, regardless of the size of the transfer agent, the volume of securities it processes, or the nature of those securities. The animating principle of all the proposals herein is the recognition that transfer agents are a critical component of the national clearance and settlement system that provides the vital infrastructure for the U.S. securities markets; a transfer agent's failure to perform its duties promptly, accurately, and safely—especially its duties with respect to turnaround and the related recordkeeping requirements—can compromise the accuracy of an issuer's securityholder records, disrupt the channels of communication between issuers and securityholders, disenfranchise investors, and expose issuers, investors, securities intermediaries, and the securities markets as a whole to significant

²⁰² 17 CFR 240.17Ad-4(b).

²⁰³ Rule 17ad-1 through 17ad-7 Adopting Release, *supra* note 50, at 32408.

²⁰⁴ Rule 17ad-1 through 17ad-7 Re-Proposing Release, *supra* note 188.

²⁰⁵ Rule 17ad-1 through 17ad-7 Re-Proposing Release, *supra* note 188, at 12195.

²⁰⁶ *Id.*

²⁰⁷ Rule 17ad-1 through 17ad-7 Adopting Release, *supra* note 50, at n. 13.

²⁰⁸ Rule 17ad-1 through 17ad-7 Adopting Release, *supra* note 50, at 32408.

²⁰⁹ *Id.*

²¹⁰ Rule 17ad-1 through 17ad-7 Re-Proposing Release, *supra* note 188, at 12195.

²⁰⁰ 17 CFR 240.17Ad-4.

²⁰¹ 17 CFR 240.17Ad-4(a).

financial loss.²¹¹ In light of this important role transfer agents play in a national clearing and settlement system, Rule 17ad-4 was originally adopted to provide certain exemptions for transfer agents where the burden of compliance for certain interests in securities or size of the transfer agent was not justified by the benefit of adherence. Modern technological capabilities and a dramatic increase in the risks posed by those activities to an interconnected electronic national clearance and settlement system have shifted that balance.

It is the Commission's understanding that, since Rule 17ad-4 was adopted in 1977, the laborious manual processes and recordkeeping systems that may have placed an undue burden on smaller transfer agents have been replaced with automated processes and electronic recordkeeping systems that are readily available to even the smallest transfer agent today.²¹² These same advancements mean that transfer agents that may have had to specialize in or develop bespoke systems to process transactions beyond stocks and bonds in 1977 now can and do process a wide array of even the most complicated transactions efficiently and effectively. At the same time, the securities markets and the national clearance and settlement system in which transfer agents operate have become more automated, efficient, and interconnected, which has increased the ability of *all* transfer agents, regardless of size, to meet the minimum performance and recordkeeping standards established by the Commission's transfer agent rules.

Finally, as noted above, the Commission understands that the vast majority of transfer agents now regularly turn around routine items within one business day or less, even for certificated securities and beyond stocks and bonds, rendering the exemption from the turnaround requirements unnecessary. Taken together, the balance of the burdens and benefits no longer provides a reason or basis to exempt interests in limited partnerships, DRIPs, Fund Shares, and exempt smaller transfer agents from the

Commission's turnaround and recordkeeping requirements.

Accordingly, the Commission is proposing to rescind Rule 17ad-4 in its entirety.²¹³

3. Request for Comment

The Commission requests comments on all aspects of the proposed rescission of Rule 17ad-4. In particular, the Commission requests comments on the following:

72. Should Rule 17ad-4 instead be modified? If so, why?

73. Should the Commission retain the exemption from the turnaround, processing, and recordkeeping rules for limited partnership interests, DRIPs, or Fund Shares? If so, why? Have the operational characteristics of processing these securities changed sufficiently since 1977 to justify removing the exemption?

74. Should the Commission retain the exemption from the turnaround, processing, and recordkeeping rules for "exempt transfer agents"?

75. Should the Commission revise the criteria for "exempt transfer agents" instead of rescinding the exemption entirely? For example, should the volume threshold be adjusted to reflect current market conditions, or should different criteria such as the nature of the securities processed or the sophistication of the issuer be used to determine exempt status? Are there any other criteria that the Commission should consider instead of rescission?

76. What are the specific compliance costs, if any, that small transfer agents or transfer agents specializing in limited partnerships, DRIPs, or Fund Shares would incur as a result of the proposed rescission of Rule 17ad-4? Do small transfer agents currently have access to the automated processing and electronic recordkeeping systems necessary to comply with the proposed turnaround and recordkeeping requirements?

77. Would rescission of Rule 17ad-4 cause small transfer agents to exit the market or consolidate with larger transfer agents? What would be the impact on competition, issuer choice, and investor protection if the number of small transfer agents were to decline as a result of the proposed rescission?

78. What transition period, if any, would be appropriate for transfer agents currently relying on the exemptions in Rule 17ad-4 to come into compliance with the proposed turnaround and recordkeeping requirements?

79. Should the Commission consider alternative approaches to address compliance costs for smaller transfer agents? Why or why not? If so, what alternative approaches should the Commission consider? Please explain in detail.

G. Amendments to Rule 17ad-6

Existing Rule 17ad-6 aims to ensure that transfer agents' records are sufficient for each transfer agent to monitor its own performance and to allow the transfer agent's ARA to examine for compliance.²¹⁴ It also helps ensure that transfer agents make and keep records necessary to enable and support their critical functions within the national clearance and settlement system. To that end, the rule enumerates specific categories and types of documents that transfer agents must make and keep current. Rules 17ad-6(a)(1) through 17ad-6(a)(5) require transfer agents to make and keep current various records associated with monitoring turnaround of routine and non-routine items.²¹⁵ Rules 17ad-6(a)(6) and (7) relate to records associated with monitoring compliance with written inquiries and requests. Rule 17ad-6(a)(8) addresses records associated with the assumption and termination of services on behalf of issuers, and Rules 17ad-6(a)(9), (10), and (11) relate to stop orders and other restrictions on transfer, transfer journals, and items received in connection with certain types of corporate actions, respectively.²¹⁶ Finally, Rule 17ad-6(b) requires certain transfer agents to obtain and retain records that would allow them to maintain an accurate control book,²¹⁷ and Rule 17ad-6(c) relates to records of cancelled securities.²¹⁸

Rule 17ad-6 has not, with limited exceptions, been updated to account for technological changes, the continued dematerialization of securities, and other market transformations, including the emergence of tokenized securities and AI that have led to significant changes in both the types of records maintained by transfer agents and the format and manner in which they are maintained. To ensure that transfer

²¹¹ See 17ad-9 through 13 Proposing Release, *supra* note 9, (noting examples of substandard transfer agent performance presenting significant potential adverse consequences); Processing Requirements for Cancelled Security Certificates, Exchange Act Release No. 48931 (Dec. 16, 2003), 68 FR 74390 (Dec. 23, 2003) (noting examples of substandard transfer agent performance and significant adverse consequences).

²¹² See 2015 Concept Release, *supra* note 4, Section II.B for a discussion of the manual process in place at the time Rule 17ad-4 was adopted.

²¹³ Correspondingly, as a conforming change, we are proposing to delete paragraph (d)(2) from Rule 17ad-13, which provides that a registered transfer agent is exempt from the requirements of Rule 17ad-13 if it is an exempt transfer agent pursuant to Rule 17ad-4(b) and, if it performs transfer agent functions for Fund Shares, it maintains master securityholder files consisting of fewer than 1,000 shareholder accounts, in the aggregate, for each of such issues for which it performs transfer agent functions. See 17 CFR 240.17Ad-13(d)(2)(i) and (ii).

²¹⁴ Rule 17ad-1 through 17ad-7 Adopting Release, *supra* note 50, at 32409.

²¹⁵ Rule 17Ad-6(a)(1) through (5).

²¹⁶ 17 CFR 240.17Ad-6(a)(6) through (11).

²¹⁷ 17 CFR 240.17Ad-6(b).

²¹⁸ 17 CFR 240.17Ad-6(c).

agents continue to make and keep records sufficient to enable and support their critical functions within the national clearance and settlement system, monitor their own performance, and be examined for compliance in light of the expansion of transfer agent activities and rapid proliferation of new technologies discussed above, the Commission proposes implementing changes to existing Rule 17ad-6 that will (1) simplify the rule text, specify what recordkeeping requirements apply to uncertificated securities, and appropriately capture the records necessary for modern transfer agents to perform their regulated functions; (2) conform to other amendments in this proposal as appropriate; and (3) supplement the existing record maintenance, retention, and preservation activities by adding recordkeeping requirements relating to maintaining a master securityholder file, control book, and transfer journal.

Specifically, the Commission is proposing to amend paragraphs (a)(1)–(3), (8), (10), and (11) of Rule 17ad-6. The Commission is also proposing to amend paragraph (b) of Rule 17ad-6. The Commission is not proposing any amendments to paragraphs (a)(4), (a)(5), (a)(6), (a)(7), (a)(9) or (c) of Rule 17ad-6. The proposed amendments do not prescribe a specific category or type of record that must be maintained. For example, rather than require transfer agents to make and keep “a log, tally, journal, schedule, or other record” showing the number of routine items received in a month that were turned around within certain periods, as is required under existing Rule 17ad-6(a)(2), the proposed amendments would require “records sufficient to show” the required information. A record, in this context, could include both physical and digital records, including records existing on a distributed ledger or blockchain network, provided the other requirements of Rule 17ad-6 and Rule 17ad-7 are met. Records would be “sufficient to show” the required information if the information is apparent from the records themselves without relying on inference or assumptions. For example, a transfer agent could comply with proposed Rule 17ad-6(a)(1) by maintaining separate logs for the date of receipt, the date of turnaround or processing, and the date of rejection for routine and non-routine items. By itself an individual log or a partial record showing only routine items or only some days of the month would not be sufficient to show the business day each routine and non-

routine item is received, made available, and/or rejected as required by the rule. But taken together they could be. In this way, each transfer agent would have the flexibility and discretion to determine the specific method or format of its recordkeeping system or systems and could make and keep records and information in any media or format appropriate to the transfer agent’s specific business model, activities, and technological systems.

1. Records Related to Turnaround

As explained above, Rules 17ad-6(a)(1) through 17ad-6(a)(5) require transfer agents to make and keep current various records associated with monitoring the turnaround and processing of routine and non-routine items as required under existing Rule 17ad-2.²¹⁹ Under the proposed amendments to Rule 17ad-1, the definition of “item” would be expanded to cover additional methods of transmission and types of instructions received by transfer agents.²²⁰ The proposed amendments to Rule 17ad-2 would modify the nature and scope of transfer agents’ turn around and processing requirements.²²¹ Accordingly, in addition to the goals noted above, the proposed amendments to Rules 17ad-6(a)(1) through (3) are intended to align the recordkeeping requirements for turnaround and processing with the proposed changes to the nature and scope of the turn around and processing requirements themselves.

a. 17ad-6(a)(1)

Existing Rule 17ad-6(a)(1) requires transfer agents to make and keep current a receipt, ticket, schedule, log, or other record showing the business day each routine and non-routine item is received from a presenter or outside registrar and made available to the presenter and/or outside registrar.²²²

The amended rule would require a transfer agent to make and keep “[r]ecords sufficient to show the business day each routine item and each non-routine item is (i) received by the transfer agent, (ii) made available or turned around, and (iii) if applicable, rejected by the transfer agent.”²²³ Under this proposal, references to specific types of records (*i.e.*, receipt, ticket, log) would be replaced with the broader, all-encompassing term “records” and

existing references to presentors and outside registrars would be eliminated as unnecessary in light of the proposed amendments to Rule 17ad-2 discussed above in Section II.D. Similarly, the Commission is proposing to require transfer agents to make and keep records showing the business day an item is rejected to align with the proposed changes to Rule 17ad-2 that would require registered transfer agents to provide a written notification to the presenter within one business day of receipt of any item that is rejected by the transfer agent.²²⁴

b. 17ad-6(a)(2)

Existing Rule 17ad-6(a)(2) requires transfer agents to make and keep records showing the number of routine and non-routine items received²²⁵ and subsequently turned around within the required timeframes.²²⁶ The amended rule would replace references to specific types of records (*i.e.*, log, tally, journal, etc.) with the broader, all-encompassing term “records” to ensure the full scope of records created and maintained by modern transfer agents is reflected in the rule.

The Commission also proposes amending the requirements set forth in Rules 17ad-6(a)(2)(ii) and (iii) that reference a three-business day turnaround period for routine items. Instead, the Commission proposes amending these two rules to include a reference to the turnaround standard set forth in proposed Rule 17ad-2(a).²²⁷ In addition, the Commission proposes to rescind Rule 17ad-6(a)(2)(vi), which requires transfer agents to make and keep records showing the number of routine items that, as of the close of business on the last business day of each month, have been in such registered transfer agents’ possession for more than four business days. This provision would no longer be necessary in light of the proposed amendment to Rule 17ad-6(a)(2)(iii) which would require transfer agents to make and keep records showing the number of routine items received during the month that were not turned around within the shorter of one business day or the time period specified by Rule 15c6-1 of the Exchange Act.

The Commission proposes to amend existing Rule 17ad-6(a)(2)(v), which requires transfer agents to make and keep records regarding the number of non-routine items received during the month that were turned around, by

²¹⁹ Rule 17ad-6(a)(1) through (5).

²²⁰ See proposed Rule 17ad-1; discussion, *supra* Section III.A.1.

²²¹ See proposed Rule 17ad-2; discussion, *supra* Section III.D.

²²² 17 CFR 240.17Ad-6(a)(1).

²²³ See proposed Rule 17ad-6(a)(1).

²²⁴ See proposed Rule 17ad-2(c).

²²⁵ 17 CFR 240.17Ad-6(a)(2)(i) and (iv).

²²⁶ 17 CFR 240.17Ad-6(a)(2)(ii) and (v).

²²⁷ See proposed Rules 17ad-6(a)(2)(ii) and (iii).

adding a requirement for transfer agents to indicate when non-routine items were turned around. Specifically, the proposed amendment would require transfer agents to make and keep records showing the number of non-routine items received during the month that were turned around within the following time frames: within five business days, within six to 10 business days, within 11 to 15 business days, within 16 to 20 business days, and in more than 20 business days.²²⁸ These records would assist transfer agents and their ARAs in monitoring the turnaround of non-routine items to determine whether transfer agents are meeting their obligation under proposed Rule 17ad-2(e) to turnaround non-routine items as soon as possible.

The Commission is proposing two additional recordkeeping provisions in Rule 17ad-6(a)(2). Proposed Rule 17ad-6(a)(2)(viii) would require transfer agents to make and keep records showing the number of items received during the month that were rejected by the transfer agent, while proposed Rule 17ad-6(a)(2)(ix) would require transfer agents to make and keep records showing the number of items received during the month that were rejected by the transfer agent for which written notification to the presenter was provided within one business day of receipt as required by proposed Rule 17ad-2(c).²²⁹ These records would assist transfer agents and their ARAs in monitoring turnaround performance and would conform the recordkeeping requirements with the proposed changes to Rule 17ad-2.

c. 17ad-6(a)(3)

Existing Rule 17ad-6(a)(3) requires a transfer agent to make and keep records documenting transfer agent activity involving items for which it acts as an outside registrar.²³⁰ As with the proposed amendments discussed above, the amended rule would replace references to specific types of records (*i.e.*, receipt, ticket, schedule, log, etc.) in Rule 17ad-6(a)(3)(i) and (ii) with the broader, all-encompassing term “records” to ensure the full scope of records created and maintained by modern transfer agents is reflected in the rule. The Commission also is proposing to amend the reference to “the time required by Rule 17ad-2(b)” in Rules 17ad-6(a)(3)(ii)(B) and (C) to “the time specified in Rule 17ad-2(b)” to conform to the proposed changes in Rule 17ad-2(b) from a metrics-based

processing standard to the proposed policies and procedures requirement.²³¹

2. Records Related to Appointment and Termination

Existing Rule 17ad-6(a)(8) requires transfer agents to make and keep “any document, resolution, contract, appointment or other writing, and any supporting document, concerning the appointment and termination of such appointment of such registered transfer agent to act in any capacity for any issue on behalf of the issuer, on behalf of itself as the issuer or on behalf of any person who was engaged by the issuer to act on behalf of the issuer.”²³² Documenting in writing the agreement between a transfer agent and its issuer clients (or other transfer agents) is critical to ensuring that transfer agents perform their critical functions within the national clearance and settlement system. Without clear documentation regarding the services a transfer agent is providing, service could be interrupted, records might not be made or kept, and issuers, securityholders, and the national clearance and settlement system could be impacted. Written documentation, such as an agreement, describing the relationship under which a transfer agent and an issuer will operate and terminate the relationship also is vital to avoiding or managing disputes between transfer agents and their issuer clients and ensuring the timely and appropriate turnover of an issuer’s records upon termination to the successor transfer agent. For example, existing Rule 17ad-7(h) provides that certain of a transfer agent’s recordkeeping responsibilities only end when the transfer agent “ceases to perform transfer agent functions” for the relevant issue *and* delivers certain specified records “to the successor transfer agent.”²³³ If there is no written documentation specifying the conditions under which a transfer agent’s services can or will be terminated, disputes regarding whether or when a transfer agent has ceased to perform transfer agent functions for a given issue could arise.

Despite the importance of a written agreement or other documentation of the relationship between transfer agents and their issuer clients (or other transfer agents), the Commission is concerned that existing Rule 17ad-6(a)(8) is ambiguous as to whether documents concerning the transfer agent’s appointment and termination must, in all circumstances, be made and kept, or

whether a transfer agent must only make and keep “any” such documents they happen to have. While it is the Commission’s understanding that many transfer agents enter into written contracts with their issuer clients, the Commission also is aware that some transfer agents may not document their arrangements with issuers in writing.²³⁴ Based on the Commission staff’s experience administering the Commission’s transfer agent rules and examination program, it appears that such undocumented arrangements may be more likely than relationships documented in writing to lead to protracted disputes, especially with respect to: (1) the duration of the arrangement; (2) the conditions of the arrangement’s termination; (3) the disposition of the securityholder records after termination or notice of termination; and (4) the fees charged by the transfer agent. Such disputes may interfere with the operations of the markets and the protection of investors by disrupting or otherwise hindering transfer agent processing, recordkeeping, and safeguarding. For example, it is the Commission staff’s understanding that some transfer agents, after having been terminated by the issuer, have substantially delayed the handing over of securityholder records to successor transfer agents by demanding that the issuer pay a substantial “termination” fee before the transfer agent would agree to hand over the securityholder records it had been maintaining, even though the issuer claimed there was no written agreement in place or it had otherwise not agreed to such a fee.²³⁵ In such cases, the issuer may be unable to retain a new transfer agent if the old transfer agent will not make the records available to the new transfer agent. The inability to retain a new transfer agent could lead to inaccuracies in the master securityholder file and other records or impede trading in the issuer’s securities. Commission staff is also aware of instances in which a termination dispute between an issuer and a transfer agent has resulted in two transfer agents each maintaining separate records, which could be inconsistent with each other.

To remove the ambiguity in existing Rule 17ad-6(a)(8) noted above and prevent the type of disruptions to issuers, securityholders, and the

²³⁴ See 2015 Concept Release, *supra* note 4, at Section VI.B.

²³⁵ It is the Commission staff’s understanding that typical termination fees may range from about \$1,000 to \$5,000, though disputes like those described herein may involve a transfer agent’s demand for fees as high as \$30,000.

²²⁸ See proposed Rule 17ad-6(a)(2)(v).

²²⁹ See proposed Rule 17ad-6(a)(2)(viii) and (ix).

²³⁰ 17 CFR 240.17Ad-6(a)(3).

²³¹ See proposed Rule 17ad-6(a)(3).

²³² 17 CFR 240.17Ad-6(a)(8).

²³³ 17 CFR 240.17Ad-7(h).

national clearance and settlement system that can arise especially when there is no written agreement or documentation of the arrangement between a transfer agent and its clients, the Commission is proposing to amend paragraph (a)(8) of Rule 17ad-6 to explicitly require transfer agents to ensure that their agreements with issuers (or other transfer agents) to provide transfer agent services are documented in writing. The proposed rule does not, however, require that the written documentation need necessarily be in the form of a written agreement. Specifically, Rule 17ad-6(a)(8) would be amended to require transfer agents to make and keep “[r]ecords, including but not limited to documents, resolutions, contracts, appointments or other writings, and any supporting documents, concerning the appointment and the termination of such appointment of such registered transfer agent to act in any capacity for any issue on behalf of the issuer, on behalf of itself as the issuer or on behalf of any person who was engaged by the issuer to act on behalf of the issuer.”²³⁶

3. Transfer Journal, Master Securityholder File, and Control Book

Existing Rule 17ad-6(a)(10) requires transfer agents to make and keep records of any transfer journal and registrar journal prepared by the transfer agent.²³⁷ At the time it was proposed, the Commission viewed this provision as “cover[ing] the kinds of information that transfer agents normally would preserve even in the absence of these rules.”²³⁸

In the Commission’s experience, some transfer agents read existing Rule 17ad-6(a)(10) as permissive, meaning the transfer journal and registrar journal must be made and kept only to the extent the transfer agent has already “prepared” them. Further, as discussed throughout this release, the master securityholder file and control book comprise some of the most important and foundational records that recordkeeping transfer agents are required to maintain. Accordingly, to ensure that the transfer agent rules clearly and explicitly require transfer agents to make and keep these records, the Commission proposes amending Rule 17ad-6(a)(10) to (i) require transfer agents to make and keep a transfer journal (or registrar journal if the transfer agent acts as an outside registrar), not just make and keep them

in the event they are prepared by the transfer agent, and (ii) expand the rule to also cover the control book and master securityholder file, both of which are required records for recordkeeping transfer agents pursuant to Rule 17ad-10(e) and (b), respectively. Specifically, the proposed amendment to Rule 17ad-6(a)(10) would require that a transfer agent maintain a transfer journal (or registrar journal if the transfer agent acts as an outside registrar), and a control book and master securityholder file (if the transfer agent is a recordkeeping transfer agent) for each securities issue for which the transfer agent is authorized to act on behalf of the issuer, as well as the constituent records, documents, and other information that compose such documents.²³⁹

4. Records Related to Non-Routine Items

Existing Rule 17ad-6(a)(11) requires transfer agents to make and keep any document upon which the transfer agent bases its determination that an item received for transfer was received in connection with a special event,²⁴⁰ and, accordingly, was not routine under Rules 17ad-1(i)(5) or (8).²⁴¹ The Commission proposes amending Rule 17ad-6(a)(11) to require that a transfer agent make and keep any records, documents, or other information upon which the transfer agent bases its determination that *any* item received for transfer was not routine, rather than just non-routine items received in connection with a special event.²⁴² The existing rule requires only that transfer agents keep records for non-routine items received in connection with a reorganization, tender offer, exchange, redemption, liquidation, conversion, or the sale of securities registered pursuant to the Securities Act of 1933, which excludes other potential non-routine items, such as an item that requires requisitioning of certificates or for which the transfer agent has received notice of a stop order. Such information is readily available to transfer agents and easily retained given the technological advances discussed at length herein. Because routine and non-routine items are subject to different turnaround standards under existing and proposed Rule 17ad-2, records supporting the classification of an item as non-routine would support transfer agent compliance with the turnaround requirements and thereby promote the

prompt and accurate clearance and settlement of securities transactions and the protection of investors.

5. Records Related to the Control Book

Existing Rule 17ad-6(b) requires transfer agents that maintain securityholder records or act as a registrar for a given issue to retain documentation of that issue’s authorized, issued, and outstanding securities. Specifically, existing Rule 17ad-6(b) requires a transfer agent which, under the terms of its agency, maintains securityholder records for an issue or which acts as a registrar for an issue to, with respect to such issue, obtain from the issuer or its transfer agent and retain documentation setting forth the total number of shares or principal amount of debt securities or total number of units of any kind of security authorized by the issuer and the total issued and outstanding pursuant to issuer authorization.²⁴³

As noted above, although the term “security authorized” is used in Rule 17ad-6(b) and Rule 17ad-9 requires “shares . . . authorized” to be one of the elements that must be tracked as part of a transfer agent’s control book, neither term is defined under the existing rules. However, as discussed herein, the Commission is proposing to define the term “authorized securities” in connection with the Commission’s proposed amendments to Rule 17ad-9 as the maximum number (or principal amount) of securities that can be issued pursuant to the issuer’s governing documents.²⁴⁴ To ensure consistent use of the newly-defined term, the Commission is proposing to amend Rule 17ad-6(b) to reflect that authorized securities would now be a defined term and otherwise simplify it without altering the substantive requirement. Specifically, the Commission is proposing to amend Rule 17ad-6(b) to require every registered transfer agent that maintains securityholder records or acts as a registrar for an issue to obtain from the issuer or its transfer agent and retain documentation setting forth the authorized securities for that issue and the total securities for that issue that are issued and outstanding pursuant to issuer authorization.²⁴⁵

6. Request for Comment

The Commission requests comments on all aspects of the proposed amendments to the recordkeeping requirements in Rule 17ad-6. In

²³⁶ See proposed Rule 17ad-6(a)(8).

²³⁷ 17 CFR 240.17Ad-6(a)(10).

²³⁸ Rule 17ad-1 through 17ad-7 Re-Proposing Release, *supra* note 188, at 12196.

²³⁹ See proposed Rule 17ad-6(a)(10).

²⁴⁰ Rule 17ad-1 through 17ad-7 Adopting Release, *supra* note 50, at 32410.

²⁴¹ 17 CFR 240.17Ad-6(a)(11).

²⁴² See proposed Rule 17ad-6(a)(11).

²⁴³ 17 CFR 240.17Ad-6(b).

²⁴⁴ See *supra* Section III.C.1.

²⁴⁵ See proposed Rule 17ad-6(b).

particular, the Commission requests comments on the following:

80. Are the proposed amendments to the recordkeeping requirements appropriate and sufficient to ensure that they apply to all forms of records (*e.g.*, both physical and digital records, records that exist solely on distributed ledgers or blockchain networks) and all types of records that are utilized by transfer agents to monitor their performance and to allow ARAs to examine for compliance?

81. Are the proposed amendments to Rule 17ad-6 sufficiently flexible to accommodate the diverse range of transfer agent business models, sizes, and technological systems currently in use, while still ensuring adequate oversight and compliance monitoring? If not, what modifications would better achieve this balance?

82. The proposed amendments contemplate that records may exist on distributed ledgers or blockchain networks. Are the proposed requirements sufficiently clear regarding how transfer agents should maintain, access, and produce such records for examination purposes? What specific challenges, if any, do distributed ledger or blockchain-based records present for compliance with Rule 17ad-6 and Rule 17ad-7?

83. Do the proposed recordkeeping rules, as written, adequately facilitate the implementation of recordkeeping systems that associate onchain database records and information (*e.g.*, wallet address, quantity of security owned, and issue date) with offchain database records and relevant information (*e.g.*, security holder name and address) so that the transfer of a tokenized security on a blockchain results in a corresponding transfer of the security on the master securityholder file?

84. How should the Commission address situations where records exist solely on a blockchain or distributed ledger that is not exclusively controlled by the transfer agent? Should the Commission establish specific requirements for ensuring the integrity, accessibility, and immutability of such records for compliance purposes?

85. Are the proposed amendments to Rules 17ad-6(a)(1) through (3) sufficient to capture all relevant information needed to monitor transfer agent turnaround performance? Should the Commission also require transfer agents to record the time of day, in addition to the business day, that items are received, turned around, or rejected to provide more granular performance data?

86. The proposed amendment to Rule 17ad-6(a)(8) would explicitly require

that transfer agent agreements with issuers be documented in writing. Are there circumstances in which requiring written documentation could create undue burdens for transfer agents or issuers, particularly smaller entities? If so, how should the Commission balance the need for written documentation with the potential burden on smaller market participants?

87. The proposed amendment to Rule 17ad-6(a)(10) would explicitly require transfer agents to maintain a transfer journal rather than only keeping such record if it had already been “prepared.” Are there any circumstances in which this requirement would be unduly burdensome or impractical for transfer agents, particularly smaller transfer agents or those serving issuers of tokenized securities?

88. For transfer agents that maintain records on distributed ledgers or blockchain networks, how should the requirements for maintaining a master securityholder file, control book, and transfer journal be applied? Are there technical or operational challenges in maintaining these records on a blockchain or other distributed ledger environment that the Commission should address?

89. The proposed amendment to Rule 17ad-6(a)(11) would expand the recordkeeping requirement for non-routine items to cover all non-routine items, not just those received in connection with specific types of corporate actions. Is this expansion appropriate and sufficient to capture all relevant non-routine items? Are there specific categories of non-routine items that present unique recordkeeping challenges the Commission should address?

H. Amendments to Rule 17ad-7

A transfer agent’s maintenance, retention, and preservation of records, including electronic records, is critical to the prompt and accurate clearance and settlement of securities transactions, including the transfer of record ownership and the safeguarding of securities and funds related thereto. Missing, incomplete, or erroneous transfer agent records can disrupt the clearance and settlement process, lead to financial loss, and undermine confidence in the securities markets. The Commission is proposing amendments to Rule 17ad-7 to, among other things, establish a single, uniform retention period of six years for most transfer agent records, and streamline and modernize the rule’s provisions governing electronic recordkeeping. A uniform, outcomes-based approach, a

simplified retention schedule, and updated requirements for electronic records would better reflect how transfer agents create, manage, and preserve records today, including the widespread use of digital systems, cloud-based services, and other technology-enabled controls. By adapting the Rule to incorporate real-world technological developments currently in use among transfer agents, these proposed changes would promote more consistent and accurate recordkeeping among transfer agents, as well as better oversight and effective examinations by the Commission, which would in turn support a well-functioning securities market and contribute to investor protection.

1. Background

Paragraphs (a) through (e) of Rule 17ad-7 specify the particular lengths of time for which the various records described in Rule 17ad-6 must be maintained.²⁴⁶ Paragraph (a) states that the records required by Rule 17ad-6(a)(1), (3)(i), (6), and (11)—records showing or documenting: the business day routine and non-routine items were received and made available; the date and time each item was received and made available by a registered transfer agent acting as an outside registrar, and/or notice of refusal to perform the registrar function was made available to the presenting transfer agent; inquiries and responses; and the transfer agent’s determination that an item is non-routine—must be maintained for a period of not less than two years, the first six months in an easily accessible place. Paragraph (b) of Rule 17ad-7 states that the records required by Rule 17ad-6(a)(2), (3)(ii), (4), (5) and (7)—records showing the *number* of routine and non-routine items received and the timing of their turnaround, and the number of items in the registered transfer agent’s possession; the number of items received, processed, and not processed within the relevant time periods; the transfer agents’ performance calculations; copies of Rule 17ad-2 notices; and Rule 17Ad-5 inquiries that were not responded to within the requisite time periods and the number of such inquiries pending—must be maintained for a period of not less than two years, the first year in an easily accessible place. Paragraph (c) specifies that the records required by Rule 17ad-6(a) (8), (9) and (10) and (b)—records showing the transfer agent’s appointment or termination; active stop orders, adverse claims, and transfer restrictions; the transfer agent’s

²⁴⁶ 17 CFR 240.17Ad-7.

transfer and registrar journal; and the total number of shares (or principal amount or number of units) authorized, issued and outstanding for each issue serviced by the transfer agent—must be maintained in an easily accessible place during the continuance of the transfer agency and for one year after termination of the transfer agency. Paragraph (d) specifies that the records required by Rule 17ad-6(c)—cancelled certificates, bonds, etc.—must be maintained for a period of not less than six years, the first six months in an easily accessible place. Paragraph (e) of Rule 17ad-7 specifies that every registered transfer agent must maintain all records required under Rule 17f-2(d)—processed fingerprint cards and other related information—in an easily accessible place until at least three years after the termination of employment of persons required to be fingerprinted under Rule 17f-2 and that all records required under Rule 17f-2(e)—all “Notices Pursuant to Rule 17f-2” regarding claimed exemptions from the fingerprinting requirements of Rule 17f-2—must be maintained in an easily accessible place.

Paragraph (f) of Rule 17ad-7 was updated in 2001 and 2003 to authorize the use of electronic recordkeeping, electronic storage media, and micrographic storage media, such as microfilm records.²⁴⁷ It permits transfer agents to maintain and retain records, including those required under Rule 17ad-6, using electronic storage or micrographic media, provided certain conditions are met.

Paragraph (g) of existing Rule 17ad-7 pertains to transfer agent records maintained and preserved by an outside service bureau, other recordkeeping service, or the issuer. If the records required to be maintained and preserved by a transfer agent pursuant to Rule 17ad-6 or Rule 17ad-7 are maintained and preserved on behalf of the transfer agent by any of those parties, the transfer agent must obtain from that party an agreement in writing that the records are subject to reasonable periodic or special examination at any time, and that the third party will furnish hard copies of the records.²⁴⁸

Paragraph (h) of existing Rule 17ad-7 specifies that the responsibility under Rule 17ad-7 to retain the records required to be made and kept pursuant to Rule 17ad-6(a)(1), (6), (9), (10), (11),

(b), and (c) ends when the transfer agent ceases to perform transfer agent functions for an issue and delivers such records to the successor transfer agent.²⁴⁹ This provision was originally included to clarify when a transfer agent is relieved of such recordkeeping responsibilities.²⁵⁰

Finally,²⁵¹ paragraph (i) of existing Rule 17ad-7 states that the records required by Rule 17ad-17(d), written procedures for compliance with Rule 17ad-17, and Rule 17Ad-19(c), written procedures for the cancellation, storage, transportation, destruction, or other disposition of securities certificates, shall be maintained for a period of not less than three years, the first year in an easily accessible place.

Rule 17ad-7 was adopted when transfer agents retained most records in paper form and relied on micrographic storage (e.g., microfilm and microfiche) to preserve documentation. Later amendments in 2001 and 2003 allowed the use of electronic storage media, but they did so by specifying technology-oriented requirements—for example, labeling removable media, maintaining separate duplicate copies of indexed records, and prescribing file-level metadata, such as requiring the labeling of files with a unique file name, date and time of file creation and last modification, and file sequence number—rather than setting technology-neutral objectives for security, integrity, accessibility, and auditability. As the Commission has observed over time, these prescriptive, media-specific provisions are increasingly out of step with modern recordkeeping environments, including systems that provide tamper-evident audit trails, robust authentication, and resilient backup/restore capabilities without reliance on the specific media or file conventions contemplated by the existing rule.

2. 17ad-7(a)–(e) and (i)

The Commission is proposing to expand the list of records that must be maintained pursuant to Rule 17ad-7 to include all records required to be made

or kept by a transfer agent under the Exchange Act and, with some exceptions, replace the existing patchwork of retention periods with a single six-year requirement for most records. Specifically, paragraph (a) of Rule 17ad-7 would provide that, unless otherwise specified in Rule 17ad-7, all records required to be made or kept under the Exchange Act shall be maintained for a period of not less than six years, the first two years of which in an easily accessible place. Because they would now be subsumed by amended paragraph (a), the Commission is proposing to delete paragraphs (b), (d), and (i) of Rule 17ad-7.²⁵² Expanding the record retention requirements is necessary and appropriate to ensure the integrity, reliability, and examinability of modern transfer agent records. The need for a broader retention requirement is especially acute in light of transfer agents' increasingly central role in the rapidly evolving technological landscape of the U.S. securities markets. As transfer agents continue to explore and expand the use of distributed ledger technology, AI, and other nascent technologies in connection with their recordkeeping and operations, a broader retention requirement is essential to the Commission's oversight and examination capabilities. A six-year standard will more appropriately balance operational practicality with the needs of oversight and enforcement, recognizing that modern systems facilitate the retention of data well beyond the minimum requirements for transfer agents at minimal cost and can meet “readily producible” requirements without reliance on paper or micrographic duplicative processes. It would also permit Commission staff conducting examinations to look back further in time for comparative purposes. This amendment will also reduce compliance complexity and related cost by eliminating the existing, multi-tiered approach and differing “easily accessible” windows tied to specific subsets of records, thereby simplifying and streamlining the transfer agent's administrative burden in implementing the rule, including the written policies and procedures that would be required by new Rule 17ad-30.²⁵³ It also will enhance examination efficiency and predictability by providing a clear and consistent baseline for the availability of records across transfer agents and record types, and promote parity with other

²⁴⁹ 17 CFR 240.17Ad-7(h).

²⁵⁰ Rule 17ad-1 through 17ad-7 Adopting Release, *supra* note 50, at 32411.

²⁵¹ Paragraph (j) of Rule 17ad-7 is held in reserve. Paragraph (k) of Rule 17ad-7 governs the written policies and procedures and other records required pursuant to Regulation S-P and was added to Rule 17ad-7 in 2024 pursuant to certain amendments to Regulation S-P. See Regulation S-P: Privacy of Consumer Financial Information and Safeguarding Customer Information, Exchange Act Release No. 100155 (May 16, 2024), 89 FR 47688 (Jun. 3, 2024) (“Regulation S-P Adopting Release”). The Commission is not proposing any amendments to paragraphs (j) and (k) at this time.

²⁴⁷ See Recordkeeping Requirements for Transfer Agents, Exchange Act Release No. 44227 (Apr. 27, 2001), 66 FR 21648 (May 1, 2001); Recordkeeping Requirements for Registered Transfer Agents, Exchange Act Release No. 48949 (Dec. 18, 2003), 68 FR 75050 (Dec. 29, 2003).

²⁴⁸ 17 CFR 240.17Ad-7(g).

²⁵² The Commission would also amend the reference to Rule 17ad-7(i) in Rule 17ad-17(d) to conform to this proposed change.

²⁵³ See proposed Rule 17ad-30.

Commission recordkeeping frameworks and modern industry standards that employ multi-year retention horizons for core business records. For example, under Commission rules, certain exchange members, brokers and dealers already incorporate a six-year standard on certain recordkeeping requirements. Records related to terms and conditions with respect to the opening and maintenance of closed customer accounts must be preserved under Rule 17a-4 for six years,²⁵⁴ records related to certain customer identification information must be retained for at least six years,²⁵⁵ and information related to Form CRS (or customer relationship summary) provided to retail investors must be retained for six years.²⁵⁶ Establishing a single and clear recordkeeping requirement covering most record types would promote compliance and adequate record retention for those registered transfer agents who have affiliates subject to other, typically six year, record retention requirements, by reducing the administrative burden and inaccuracies inherent in differing requirements and the need to determine relevant categories throughout the administrative process.

The retention periods specified in paragraphs (c) and (e) of Rule 17ad-7 continue to be appropriate, and may extend longer than six years in some cases, and therefore the Commission is not proposing amendments to those provisions. Transfer agents will continue to be required to retain records showing the transfer agent's appointment or termination, stop orders, adverse claims, and transfer restrictions, and the transfer agent's transfer journal for the duration of the transfer agency and an additional year following termination, and to retain certain fingerprinting-related records required pursuant to Rule 17f-2 for the time periods specified in paragraph (e).

3. 17ad-7(f)

a. Electronic Recordkeeping Systems

As noted above, existing Rule 17ad-7(f) permits transfer agents to retain and preserve the records required under Rule 17ad-6 using electronic or micrographic media, provided certain conditions are met. The rule further states that records stored electronically or micrographically may serve as a substitute for the hard copy records required to be maintained pursuant to Rule 17ad-6. Existing Rule 17ad-7(f)(1) sets forth definitions for the terms

“micrographic media,” “electronic storage media,” and “ARA.”

This rule was adopted in 2001 and was designed to be technology-neutral but was guided by the electronic storage methods available at that time, including microfiche and optical disks, such as CD-ROMs and DVDs.²⁵⁷ The Commission is proposing amendments to this rule to replace the phrase “electronic storage media” with the phrase “electronic recordkeeping system” throughout the rule to continue its technology-neutral approach but encompass a broader range of electronic recordkeeping solutions. In addition, the Commission is proposing to remove the definition of, and all references to, micrographic media, as the Commission understands that registered transfer agents have moved away from using micrographic media to store records. Nonetheless, the amended rule is designed to be technology neutral, and the amended rule would not require or prohibit any specific technology, including micrographic media, so long as the transfer agent otherwise complies with the provisions of the rule. The Commission is also proposing to remove the definition of ARA, as the abbreviation for appropriate regulatory agency would be replaced with the full term for consistency with other Commission rules applicable to transfer agents.

Therefore, proposed Rule 17ad-7(f) would state that, subject to the conditions set forth in this section, the records required to be maintained pursuant to Rule 17ad-6, may be maintained, retained, or preserved using an electronic recordkeeping system. In addition, the rule would state that records stored electronically in accordance with this paragraph may serve as a substitute for any hard copy records.²⁵⁸ For purposes of the proposed rule, the term “electronic recordkeeping system” would be defined as a system designed to maintain, retain, or preserve records in a digital format.²⁵⁹ The proposed definition of “electronic recordkeeping system” is designed to refer to the technological means by which records are stored, without

specifying a particular type of technology.

b. Requirements for Transfer Agents Using Electronic Recordkeeping Systems

Existing Rules 17ad-7(f)(2)–(5) establish the specific requirements for transfer agents using electronic storage media or micrographic media to store their records. The proposed amendments discussed below are not intended to materially change the nature of transfer agents' obligations with respect to electronic recordkeeping, but rather would streamline and consolidate the existing outdated requirements and replace them with updated requirements that align with modern standards related to electronic records, information security, and audit trails.

Existing Rule 17ad-7(f)(2) requires transfer agents that use electronic storage media or micrographic media to store their records to: (i) have available at all times for examination by the staffs of the Commission and of the transfer agent's ARA facilities to project or produce immediately easily readable images of such records; (ii) be ready at all times to provide records requested by the Commission or the transfer agent's ARA; (iii) create an accurate index of such records, store it with the records, and make it available to the staffs of the Commission and the transfer agents' ARA for examination; (iv) have quality assurance procedures to verify the quality and accuracy of the records; and (v) maintain separate duplicates of the records and the index, preserve them for the same time period required for the originals, and have them available at all times for examination.²⁶⁰ Existing Rule 17ad-7(f)(3) requires that any electronic storage media used by a transfer agent to store records must (i) ensure the security and integrity of the records through manual and automated controls that assure the authenticity and quality of the electronic records, detect attempts to alter or remove the records, and provide a means to recover altered, damaged, or lost records; (ii) externally label all removable storage media with a unique identifier; and (iii) uniquely identify and internally label all files with certain identifying and tracking information.²⁶¹ If a transfer agent uses electronic storage media for its records, it also must establish an audit system, maintain and provide upon request all information necessary to access the records, and place in escrow with a

²⁵⁷ See Recordkeeping Requirement for Transfer Agents, Exchange Act Release No. 44227 (Apr. 27, 2001), 66 FR 21648, 21651 (May 1, 2001) (where the Commission noted that the amendments to the Rule are “technology neutral”).

²⁵⁸ See proposed Rule 17ad-7(f). As noted in the discussion of Rule 17ad-6, the Commission is not requiring that any records be maintained in hard copy. However, the Commission is proposing a requirement that the master securityholder file be maintained using an electronic recordkeeping system. See proposed Rule 17ad-9(b).

²⁵⁹ See proposed Rule 17ad-7(f)(1).

²⁶⁰ Exchange Act Rule 17ad-7(f)(2), 17 CFR 240.17Ad-7(f)(2).

²⁶¹ 17 CFR 240.17Ad-7(f)(3)(i) through (iii).

²⁵⁴ 17 CFR 240.17a-4(c).

²⁵⁵ 17 CFR 240.17a-4(e)(5).

²⁵⁶ 17 CFR 240.17a-4(e)(10).

third party and keep current a copy of appropriate documentation and information necessary to access the records and indexes in the event the transfer agent is incapable or unwilling to provide such access.²⁶² Existing Rule 17ad-7(f)(4) requires that an audit system account for inputting of and any changes to every record stored on electronic storage media or micrographic media, that it be available for examination at any time by the staffs of the Commission and the ARA, and that it be preserved for the same time as underlying records. Finally, existing Rule 17ad-7(f)(5) requires transfer agents that use electronic storage or micrographic media to store their records to: maintain, keep current, and provide promptly upon request by the staffs of the Commission and ARA all information necessary to access the records and indexes stored on such media and place such access information and certain other information in escrow with an independent third party.²⁶³ Further, the independent escrow agent must file a signed undertaking with the Commission and the transfer agent's ARA that undertakes to furnish promptly the information in escrow to the Commission upon request.²⁶⁴

Based on its experience overseeing the transfer agent industry, the Commission is proposing to modernize the electronic recordkeeping provisions of Rule 17ad-7(f). As stated, the purpose of the proposed amendments is not to materially change the nature of transfer agents' obligations with respect to electronic records and electronic recordkeeping, but rather to ensure transfer agents would be able to take advantage of advances in technology, while adhering to modern standards related to availability, integrity, security, and reportability. As discussed throughout this release, the records created and maintained by registered transfer agents—including the “golden record” of securities ownership for investors across the entire securities industry—are critical to protecting investors, safeguarding their funds and securities, and ensuring the safe and efficient functioning of the U.S. securities markets and the national clearance and settlement system. Missing, incomplete, or erroneous

transfer agent records can disrupt the clearance and settlement process, lead to financial loss, and undermine confidence in the securities markets. Given the ubiquity of electronic recordkeeping throughout the securities industry, including among registered transfer agents, ensuring that transfer agents are subject to modern standards for electronic recordkeeping, including the controls described below, is necessary to protect investors, safeguard securities and related funds, and ensure the safe and efficient functioning of the U.S. securities markets and the national clearance and settlement system.²⁶⁵ The updated electronic recordkeeping requirements proposed herein are also designed to, among other things, promote effective oversight of transfer agents by ensuring that their electronic records are available to regulators.

Proposed Rule 17ad-7(f)(2) would require a registered transfer agent using an electronic recordkeeping system to implement reasonable controls to ensure the integrity, accessibility, reproducibility, redundancy, and continuity of records maintained, retained, or preserved using the electronic recordkeeping system, including, but not limited to, controls that (1) protect records from unauthorized changes or destruction, including safeguards to detect and prevent unauthorized alteration or loss of records; (2) provide indexing and retrieval capabilities sufficient to allow immediate production of documents in both a human-readable format and in a reasonably usable electronic format; (3) create an audit trail that tracks access, modification, and deletion of records, including the identity of the user and the date and time of the action or attempted actions that is maintained, retained, and preserved using the same controls and for the same time period required by this section for the underlying record, and (4) provide means to recover altered, damaged, or lost records resulting from any cause.²⁶⁶

These proposed requirements are designed to remain technology-neutral and accommodate the types of electronic recordkeeping systems transfer agents may use as technology evolves beyond the types of optical storage systems and micrographic media that were common when Rule 17ad-7 was adopted over two decades ago. The proposed amended language does not necessitate specific types of recordkeeping systems, thereby allowing transfer agents to continue using existing systems, provided they

otherwise comply with the requirements of Rule 17ad-7, or adopt new systems and processes in the face of continued technological innovation.

The Commission is proposing that transfer agents using electronic recordkeeping systems implement controls to ensure the integrity, accessibility, reproducibility, redundancy, and continuity of records maintained, retained, or preserved using such system. While these controls are similar to the existing controls required for electronic and micrographic storage media, they are meant to be more flexible and encompass a wider range of electronic recordkeeping systems because they do not include requirements specific to a particular form of technology, such as the existing requirement to create an accurate index of the records.

Controls to ensure integrity would ensure that records remain authentic, reliable, and complete and would include controls and safeguards to protect records from unauthorized changes. The controls should not include write-prohibitions that may be incompatible with ordinary transfer agent functions. Instead, an audit trail system that tracks access, modification, and deletion of records, including the identity of the user and the date and time of such action or attempted action, would be more appropriate, and is in keeping with modern standards of data integrity.

Controls to ensure accessibility would ensure that records remain available for use and would include controls that provide indexing and retrieval capabilities sufficient to allow immediate production of documents in both a human-readable format and in a reasonably usable electronic format. A human-readable format is a format that can be naturally read by an individual, while a reasonably usable electronic format is a format that is compatible with commonly used systems for accessing and reading records. The ability to produce records in both formats is a necessary and important feature of electronic recordkeeping systems so that Commission and ARA staff may carry out their oversight responsibilities. These controls would also support the prompt production of records for examination by Commission or ARA staff.

Controls to ensure reproducibility would permit records to be easily viewed, copied, or exported in a way that preserves the record's integrity, and which can be produced or otherwise made accessible for examination and regulatory oversight, while controls to ensure redundancy would ensure

²⁶² 17 CFR 240.17Ad-7(f)(4) and (5); *see also* Recordkeeping Requirements for Transfer Agents, Exchange Act Release No. 44227 (Apr. 27, 2001), 66 FR 21648 (May 1, 2001) (the purpose of the escrow requirement is to assist the Commission or other ARA in accessing the transfer agent's records).

²⁶³ Exchange Act Rule 17ad-7(f)(5), 17 CFR 240.17Ad-7(f)(5).

²⁶⁴ *Id.*

²⁶⁵ *See* 15 U.S.C. 78q-1.

²⁶⁶ *See* proposed Rule 17ad-7(f)(2).

records remain available in the event of loss of the original record and would include controls that provide a means to recover altered, damaged, or lost records resulting from any cause. Controls to ensure continuity would permit records to remain complete, accessible, and reliable across their entire lifecycle, without regard to system or technology upgrades, staff changes, or format changes.

Where third-party agents are employed by registered transfer agents, those third parties would also need to be held to the same controls, and may often constitute a control mechanism themselves, such as with escrow agents who ensure redundant and secure recordkeeping.

The proposed amendments would require transfer agents utilizing electronic recordkeeping systems to implement reasonable controls to ensure the integrity, accessibility, reproducibility, redundancy, and continuity of the transfer agent's records, which would help ensure that transfer agents ultimately protect investors by promptly and accurately fulfilling their critical recordkeeping responsibilities within the national clearance and settlement system.

c. Requirements for Transfer Agents Using Third Parties for Recordkeeping

Existing paragraph (f)(6) of Rule 17ad-7 states that, if the transfer agent uses a third party to maintain or preserve some or all of its electronic records, that third party must file with the Commission and the transfer agent's ARA an undertaking stating that it will permit representatives or designees of the Commission to examine any books and records the third party is maintaining or preserving on behalf of the transfer agent and promptly furnish hard copies of any such books and records.²⁶⁷

Existing paragraph (g) of Rule 17ad-7 pertains to transfer agent records maintained and preserved by an outside service bureau, other recordkeeping service, or the issuer. If the records required to be maintained and preserved by a transfer agent pursuant to Rule 17ad-6 or Rule 17ad-7 are maintained and preserved on behalf of the transfer agent by any of those parties, the transfer agent must obtain from them an agreement in writing that the records are subject to examination by representatives of the Commission and its ARA, if not the Commission, and that the third party will furnish upon

demand complete, correct, and current hard copies of the records.²⁶⁸

The Commission is proposing to combine these requirements into a single provision in proposed Rule 17ad-7(h)(1) to require that, unless it has and maintains at all times independent access to such records, a registered transfer agent that uses a third party, including, but not limited to, an outside service bureau, another registered transfer agent, or the issuer to maintain, retain, or preserve records, including by use of an electronic recordkeeping system or by using servers or other storage mechanisms that are owned or operated by the third party, obtain from such third party and file with the Commission and its ARA, if not the Commission, a legally binding written agreement signed by a duly authorized person of the third party acknowledging that the records of the transfer agent are subject at any time to examination by representatives of the Commission or ARA and agreeing to promptly, upon request, permit examination of such records during regular business hours and furnish legible, true, complete, and current copies of any records so requested.²⁶⁹

Proposed Rule 17ad-7(h)(2) would provide that a registered transfer agent using a third party to maintain, retain, or preserve records has independent access to such records if it can regularly access the records without the need of any intervention by the third party and through such access (1) permit examination of the records at any time by representatives of the Commission or its ARA; and (2) promptly furnish legible, true, complete, and current copies of such records.²⁷⁰ Where a transfer agent is utilizing blockchain-based or other distributed ledger technology, it would have independent access where it is able to view the records maintained on the blockchain or other distributed-ledger, and can through such access permit examination and promptly furnish copies, as noted immediately above.

The requirements in proposed Rule 17ad-7(h)(1) are similar to the requirements of existing Rule 17ad-7(g) in that the transfer agent would be required to obtain an agreement, in writing, with the third party stating that the records are subject to examination by representatives of the Commission and its ARA, if not the Commission, and that the third party would furnish copies of the records upon demand. In addition, however, proposed rule 17ad-

7(h)(1) would also require the registered transfer agent to file that written agreement with the Commission and its ARA, if not the Commission, and require the third party to promptly furnish copies of any records so requested and permit examination of such records during regular business hours. These additional requirements would help to ensure that Commission and ARA staff have access when needed to transfer agent records being maintained, retained, or preserved by third parties. In addition, proposed Rule 17ad-7(h)(1) would provide an exception for registered transfer agents that have, and maintain at all times, independent access to any records maintained, retained, or preserved by a third party. These transfer agents would not be required to obtain an agreement from the third party.

In the Commission's experience, despite the existing requirement in Rule 17ad-7(f)(6) for third party recordkeepers maintaining records for transfer agents to file a written undertaking with the Commission and ARA, they do not always do so. Under proposed rule 17ad-7(h)(1), the Commission would place the obligation directly on the registered transfer agent. Requiring registered transfer agents to have a written agreement with any third party recordkeepers would foster accountability by the transfer agent, in that the third party would be bound to certain commitments to the transfer agent, which the transfer agent would be able to enforce through contractual remedies. The third party's acknowledgement in the proposed written agreement that the records held by the third party for the transfer agent are subject at any time to examination by representatives of the Commission or ARA would inform the third party of the importance of maintaining the records as required and providing them, upon request, for examination.

Proposed Rule 17ad-7(h)(3) would further provide that any agreement with a third party to maintain, retain, or preserve records will not relieve a registered transfer agent from the responsibility to maintain, retain, or preserve records as required under this chapter.²⁷¹ The requirements of proposed Rule 17ad-7(h)(3) are substantially similar to the requirements of existing Rule 17ad-7(f)(6)(ii) which states that agreement with a third party to maintain records shall not relieve a registered transfer agent from its responsibility to prepare and maintain records as specified in this section or in Rule 17ad-6. The changes the

²⁶⁸ 17 CFR 240.17Ad-7(g).

²⁶⁹ See proposed Rule 17ad-7(h)(1).

²⁷⁰ See proposed Rule 17ad-7(h)(2).

²⁷¹ See proposed Rule 17ad-7(h)(3).

²⁶⁷ 17 CFR 240.17Ad-7(f)(6).

Commission is proposing would update and conform the language in this provision with the other proposed changes to Rule 17ad-7(f).

d. Prompt Production of Records

Existing Rule 17ad-7(f) requires transfer agents that use electronic storage media or micrographic media to store their records to have available at all times for examination “facilities to project or produce immediately easily readable images of such records” and to “[b]e ready at all times to provide such records” that the Commission or the transfer agent’s ARA requests,²⁷² but does not explicitly require the prompt production (or examination) of such records. Further, there is no similar provision for records that are *not* stored using electronic storage media or micrographic media. At the same time, if a transfer agent uses a third party to maintain or preserve some or all of its required records using electronic storage media or micrographic media, existing Rule 17ad-7(f)(6), requires the third party to file a written undertaking with the Commission or the transfer agent’s ARA stating that, among other things, the third party “hereby undertakes to permit examination of such books and records at any time . . . and to promptly furnish to said Commission or its designee true, correct, complete, and current hard copies of any or all or any part of such books and records.”²⁷³

In the Commission’s supervisory experience, clear, explicit requirements to promptly produce and permit examination of records are necessary and appropriate to help the Commission to fulfill its statutory mandate to regulate and oversee registered transfer agents and facilitate examination of transfer agent records by Commission and ARA staff. Accordingly, proposed Rule 17ad-7(g) would require every registered transfer agent, with respect to any record required to be maintained, retained, or preserved under this section, or otherwise subject to examination under section 17(b) of the Exchange Act, to provide promptly upon demand from the representatives of the Commission or the transfer agent’s ARA a legible, true, complete, and current copy of such record in a reasonably usable electronic format.²⁷⁴

This proposed requirement is necessary and appropriate to facilitate examination of transfer agent records by Commission and ARA representatives.

The proposed rule would create a simplified, single requirement applicable to all records subject to examination under Section 17(b) of the Exchange Act, regardless of whether the records are maintained in a paper-based or electronic format. It would require records to be produced promptly upon request. Promptly, in this context, means making reasonable efforts to produce records requested by Commission or ARA representatives without delay. In the Commission’s experience, given the widespread use of electronic recordkeeping, transfer agents have the technical capability to furnish records within a few hours of a request, although they may request additional time to review and prepare them prior to production. Thus, the Commission expects that only in unusual circumstances would a registered transfer agent be able to delay furnishing records for more than one business day and still meet the “promptly” standard.

The proposed rule would require records to be produced in a reasonably usable electronic format. This means that any electronic recordkeeping system used by a transfer agent would need to be able to download and transfer a copy of a record in a reasonably usable electronic format to meet this obligation. A reasonably usable electronic format would be a format that is compatible with commonly used systems for accessing and reading electronic records and, as a result, may change over time as technology evolves. This proposed requirement is designed to prevent situations where regulators receive files in proprietary formats they cannot open or review.

The proposed rule would require transfer agents to provide legible, true, complete, and current copies of records requested by Commission or ARA representatives. This provision would necessarily require a transfer agent to have controls in place to verify the quality and accuracy of its records to ensure that any records provided to Commission or ARA representatives are legible (capable of being read), true (accurate and authentic), complete, and current.

4. Delivery of Records to Successor Transfer Agent

Existing Rule 17ad-7(h) provides that when a registered transfer agent ceases to perform transfer agent functions for an issue, the responsibility of such transfer agent under Rule 17ad-7 to retain the records required to be made and kept under Rule 17ad-6(a)(1), (6), (9), (10), and (11), (b) and (c) shall end

upon delivery of such records to the successor transfer agent.

The Commission proposes to renumber this provision as Rule 17ad-7(i) and add language specifying that a transfer agent may also deliver certain required records to the issuer or the issuer’s designee to end its responsibility to retain those records.²⁷⁵ In addition, the Commission proposes to add a requirement for registered transfer agents to deliver, provide, or otherwise make available, to the issuer or the issuer’s designee all records required to be made and kept current under Rule 17ad-6(a)(1), (6), (9), (10), and (11), (b) and (c) related to an issue within 15 calendar days after ceasing to perform transfer agent functions for that issue.²⁷⁶

The Commission has received issuer complaints noting that two primary conflicts arise between transfer agents and issuers: (1) fee disputes and (2) termination/succession issues. Disputes between issuers and transfer agents can interfere with the transfer agent’s processing, recordkeeping, and safeguarding and therefore cause disruptions with the clearance and settlement system.²⁷⁷ For example, issuers have noted that some transfer agents, after being terminated by the issuer, have delayed or have refused to hand over securityholder records to successor transfer agents unless the issuer pays a termination fee²⁷⁸ that was not previously agreed upon by both parties. The withholding of securityholder records does not allow the successor transfer agent to ensure the master securityholder file and other records are accurate.

If the relationship between an issuer and a transfer agent is terminated, and the issuer engages a new transfer agent, it is essential to the issuer, its securityholders, and market participants who may seek to trade the issuer’s securities, that the issuer’s records are promptly delivered to the new transfer agent to provide an orderly continuity of services. To promote the continuous and accurate recordkeeping of issuer and securityholder records, this provision would require that all relevant master securityholder files, transfer journals, control books, records of cancelled securities certificates, and other key records be delivered, provided, or otherwise made available

²⁷⁵ See proposed Rule 17ad-7(i).

²⁷⁶ *Id.*

²⁷⁷ See 2015 Concept Release, *supra* note 4, at 81978.

²⁷⁸ See *id.* It is the Commission staff’s understanding that typical termination fees may range from about \$1,000 to \$5,000, though disputes like those described herein may involve a transfer agent’s demand for fees as high as \$30,000.

²⁷² See Exchange Act Rule 17ad-7(f)(2)(i) and (ii), 17 CFR 240.17Ad-7(f)(2)(i) and (ii).

²⁷³ Exchange Act Rule 17ad-7(f)(6)(i), 17 CFR 240.17Ad-7(6)(i).

²⁷⁴ See proposed Rule 17ad-7(g).

to the issuer or its designee no later than 15 calendar days of the transfer agent ceasing to perform transfer agent functions for an issue.²⁷⁹ Based on the Commission's experience supervising transfer agents, 15 calendar days is sufficient time for a transfer agent to identify the relevant documents and provide copies of such documents to the issuer or the issuer's designee, such as a successor transfer agent.

The timely transfer of issuer and securityholder records is essential to maintaining the accuracy and continuity of critical transfer agent functions that support the national clearance and settlement system. As discussed above, delays in producing or transmitting documents and records can create operational gaps that impede a successor transfer agent's ability to commence servicing the issuer's securities, potentially affecting issuers, investors, and downstream market participants who rely on accurate and current records to process transactions and maintain orderly markets. Requiring transfer agents to make these critical records available provides certainty that a successor transfer agent will be able to resume core functions on behalf of the issuer and its securityholders in a timely manner, reducing the likelihood and duration of disruptions that could interfere with recordkeeping, distributions, transfers, and other essential services. These concerns underscore why a clear and enforceable requirement to deliver all relevant documents within a defined period is necessary to support the continuous and accurate servicing of securityholder accounts, to mitigate the risks of service interruptions, and to help ensure the safe and efficient functioning of the national clearance and settlement system.

5. Request for Comment

The Commission requests comments on all aspects of the proposed amendments to Rule 17ad-7. In particular, the Commission requests comments on the following:

90. Is the proposed uniform six-year retention period appropriate for most transfer agent records? Are there categories of records that should have a shorter or longer retention period? If so, which ones and why?

91. The proposed rule would extend the retention requirement to cover all records required to be made or kept under the Exchange Act, not just those specified in Rule 17ad-6. Are there categories of records currently created and maintained by transfer agents in the

ordinary course of business that should be explicitly excluded from this expanded scope? If so, which ones and why? Do commenters believe that this requirement would conflict with any other Commission recordkeeping requirement (for example, for transfer agents that are also registered broker-dealers)?

92. Would the proposed uniform six-year retention period create disproportionate compliance burdens for smaller or less complex transfer agents, such as those that perform transfer agent functions solely for their own or affiliated companies' securities? Should the Commission consider tiered retention requirements based on transfer agent size or complexity?

93. With respect to records that would be subject to a retention requirement under the proposed expansion of Rule 17ad-7(a), do transfer agents already create and maintain such records in the ordinary course of their operations, and if so, for how long are such records currently retained in practice? Are there categories of records that transfer agents currently create and use operationally but do not retain for any defined period, such that the proposed rule would require not only a new retention obligation but also changes to existing systems, policies, or infrastructure to preserve records that are currently discarded or overwritten after use? Please identify any such record categories and describe the operational, technological, and cost implications of retaining them for six years.

94. The proposed rule would require electronic recordkeeping systems to maintain an audit trail that tracks access, modification, and deletion of records, including the identity of the user and the date and time of the action or attempted action. Are there circumstances in which maintaining such an audit trail would be technically infeasible or operationally impractical, such as with legacy systems or certain cloud-based platforms? How should the rule address such circumstances?

95. The proposed rule would replace the term "electronic storage media" with "electronic recordkeeping system." Is the proposed definition for this term sufficiently clear and technology-neutral to accommodate current and emerging recordkeeping technologies, including cloud-based platforms, distributed ledger systems, and AI-driven recordkeeping tools? Are there technologies or systems that might fall outside this definition that should be covered?

96. The proposed rule would remove all references to micrographic media, reflecting the Commission's

understanding that registered transfer agents have largely moved away from such technology. Are there transfer agents that continue to rely on micrographic media for recordkeeping? If so, what transition period or accommodation, if any, would be appropriate to allow such transfer agents to come into compliance with the amended rule?

97. The proposed rule would require transfer agents to implement controls to ensure the continuity of records across their entire lifecycle, without regard to system or technology upgrades, staff changes, or format changes. What specific challenges do transfer agents face in ensuring record continuity across system migrations, technology upgrades, or changes in service providers? Are there particular standards or frameworks such as those developed by the National Institute of Standards and Technology (NIST) or the International Organization for Standardization (ISO) that the Commission should reference or incorporate to provide clearer guidance on continuity requirements?

98. Would there be situations in which a transfer agent is unable to obtain the agreement required under proposed Rule 17ad-7(h) from a third-party service provider? If so, what requirements would be appropriate?

99. Do commenters agree that a transfer agent utilizing blockchain-based or other distributed ledger technology would have independent access to such records consistent with proposed Rule 17ad-7(h)(2) such that the transfer agent would be able to regularly access and view the records maintained on the blockchain or other distributed-ledger without the need of any intervention by a third party, and could through such access permit examination of the records and promptly furnish copies of the records?

100. Should the Commission require transfer agents to maintain a duplicate copy of each required record, separately from the original, using the same controls and for the same retention period as the original? Would such a requirement be practical and cost-effective for transfer agents of all sizes and complexity? Should such a rule specify minimum standards for the geographic or logical separation of original and duplicate records, such as requiring that duplicates be maintained at a different physical location or on a separate network?

101. The proposed rule would require transfer agents to deliver, provide, or otherwise make available to the issuer or its designee all specified records within 15 calendar days of ceasing to

²⁷⁹ See proposed Rule 17ad-7(i).

perform transfer agent functions for an issue. Is 15 calendar days a sufficient and realistic timeframe for all transfer agents, regardless of the size or complexity of the issue? Should the rule provide for extensions of this deadline in specified circumstances, such as those involving disputes between the transfer agent and the issuer, or operational disruptions? If so, what specified circumstances would warrant such an extension and what process should govern such extensions? Should the Commission consider alternative approaches to a transfer agent's maintenance, retention, and preservation of records? Why or why not? If so, what alternative approaches should the Commission consider? Please explain in detail.

I. Amendments to Rule 17ad-10

The Commission adopted Rule 17ad-10 in 1983 to ensure the accuracy of securityholder records and to address potential harm caused by inaccurate securityholder records.²⁸⁰ It requires each recordkeeping transfer agent to promptly and accurately post certificate detail to the master securityholder file after a security is transferred, purchased, redeemed or issued. The meaning of the term "promptly" varies with the relevant transaction but generally means five business days, although for certain exempt transfer agents under Rule 17ad-4(b) promptly means 30 calendar days, and for transfer agents functioning solely for their own or their affiliated companies' securities and using batch processing promptly means ten business days.²⁸¹ Timely updating of the master securityholder file is required because delayed posting or the failure to post would promote the proliferation of record inaccuracies that could impede the accurate payment of dividends and the processing of proxy solicitations.²⁸²

The Commission proposes amending Rule 17ad-10 to specify that the rule applies to both certificated and uncertificated securities equally, align the "prompt" posting timeframe to the modern settlement cycle,²⁸³ and modernize the rule text by replacing references to physical processes, hard copy records, and mail with technology neutral terms and standards. The proposed amendments are narrowly tailored to these three areas and mirror the standards and practices the

Commission has already observed transfer agents adopt operationally. Specifically, the Commission proposes replacing the term "certificate detail" as used in this rule, with "position detail" to conform to the changes to Rule 17ad-9.²⁸⁴ Similarly, the Commission proposes amending its rules to remove references to "hard copy" records, physical processes, and mail and replace them, where necessary, with technology neutral terms. Lastly, the Commission seeks to revise the "buy-in" rule by removing the term "physical overissuance," replacing it with "overissuance," as the former term has led to questions regarding whether it applies to uncertificated securities. In connection with that change, the Commission is proposing to add a definition for the term "overissuance" to specify that the rule applies to any overissuance, whether it involves certificated or uncertificated securities, to avoid any confusion, as more fully described below.

1. Global Amendments

Consistent with the amended definitions in Rule 17ad-9 discussed above,²⁸⁵ the Commission is proposing to replace each reference to "certificate detail" throughout Rule 17ad-10 with a reference to "position detail," including each instance of the term "certificate detail" in the title of the rule and in paragraphs (a)(1), (a)(3), (f), and (h) of Rule 17ad-10.²⁸⁶ The Commission also is proposing to replace each reference to "certificate" with a reference to "security," including each instance of the term "certificate" in paragraph (g) of Rule 17ad-10. This will help ensure that the prompt posting and other requirements specified in Rule 17ad-10 clearly and explicitly apply equally to both certificated and uncertificated securities. This is especially important with respect to uncertificated securities because turnaround for uncertificated securities is accomplished when the transfer agent completes the registration of the change in ownership,²⁸⁷ and registration of uncertificated securities is accomplished when the appropriate position detail reflecting the transaction is posted to the transfer agent's master securityholder file.²⁸⁸ In other words,

for uncertificated securities, prompt posting is turnaround.

Finally, the Commission is proposing to replace outdated references to paper-based modes of communication, such as "dispatch or mail" with the term "provide," which is technology-neutral and broad enough to encompass both the manual, mail-based means of communication envisioned when the rule was first adopted, and electronic, digital, and other means of communication that modern transfer agents might utilize. Specifically, the Commission proposes to replace the terms "dispatch or mail" and "mail" with the term "provide" in paragraphs (c)(1), (c)(2), and (d) of Rule 17ad-10.

2. Prompt Posting To Master Securityholder File

As discussed in connection with the proposed amendments to Rule 17ad-2, improvements to operational efficiency enabled by advances in technology, the widespread availability of near-instantaneous electronic communications, and the prevalence of uncertificated securities in today's securities markets allow transfer agents to process transfers, communicate and share information with outside parties, and update and maintain their critical records significantly faster than was possible in 1983 when Rule 17ad-10 was first adopted. The manual, mail-dependent processes associated with the prompt posting of certificate detail have given way to near-instantaneous electronic communications and automated processes and workflows. Given these advancements, and given that most securities processed by transfer agents are uncertificated, it is appropriate to align the timing for prompt posting under Rule 17ad-10 with the timing for turnaround under Rule 17ad-2, regardless of whether the security being transferred, purchased, redeemed, or issued is certificated or uncertificated. Indeed, as noted, for uncertificated securities the two processes are one and the same. Accordingly, the Commission is proposing to amend Rule 17ad-10(a)(2)(i) to redefine "promptly" as meaning the shorter of one business day or the time period specified by Rule 15c6-1(a) under the Exchange Act.²⁸⁹ This change aligns with the amendments to Rule 17ad-2 and establishes a uniform standard for turnaround that matches the requirements for all recordkeeping transfer agents and for all securities, whether they are certificated or uncertificated. This would mean that,

²⁸⁰ See generally, 17ad-9 through 13 Adopting Release, *supra* note 111, at 28232.

²⁸¹ 17 CFR 240.17Ad-10(a)(2).

²⁸² See *infra* Section III.J.1 for further discussion of transfer agents' paying agent activities.

²⁸³ See 17 CFR 240.15c6-1(a); see also proposed Rule 17ad-2.

²⁸⁴ See proposed Rule 17ad-9.

²⁸⁵ See *supra* Section III.B.1.

²⁸⁶ See proposed Rule 17ad-10.

²⁸⁷ See 17 CFR 240.17Ad-1(d), (e) (definitions of transfer and turnaround).

²⁸⁸ Under the UCC, registration of a new owner for uncertificated securities occurs when the issuer (or the issuer's agent) registers the purchaser as the new owner on its books. See U.C.C. § 8-301 (delivery of uncertificated securities occurs when the issuer registers the purchaser as the registered owner on its books).

²⁸⁹ See proposed Rule 17ad-10(a)(2)(i).

under the existing standard securities settlement cycle, all recordkeeping transfer agents would be required to promptly and accurately post to the master securityholder file debits and credits containing minimum and appropriate position detail representing every security transferred, purchased, redeemed, or issued within one business day after the security is transferred, purchased, issued, or redeemed, regardless of whether the security is certificated or uncertificated. As discussed above,²⁹⁰ linking the prompt posting requirement for transfer agents to the existing settlement cycle for most broker-dealer securities transactions will help ensure that most investors' securities transactions settle within the same time frame, regardless of whether the investor holds in street name (*i.e.*, through a broker-dealer) or in registered form (*i.e.*, with a transfer agent).

As a result of this proposed change, the Commission would rescind all other meanings of the term promptly from Rule 17ad-10(a)(2). Specifically, the Commission would rescind the meaning of promptly for (i) recordkeeping transfer agents (other than those that perform transfer agent functions for redeemable securities issued by investment companies registered under section 8 of the 1940 Act) that are exempt transfer agents under Rule 17ad-4(b), (ii) recordkeeping transfer agents (other than those that perform transfer agent functions for redeemable securities issued by investment companies registered under section 8 of the 1940 Act) that perform transfer agent functions solely for their own or their affiliated companies' securities issues and employ batch processing systems, and (iii) all other recordkeeping transfer agents. As noted above, these provisions are no longer necessary in light of the technological and operational developments that enable transfer agents to promptly update the master securityholder file.

3. Communications Between Co-Transfer Agents and Recordkeeping Transfer Agents

Existing Rule 17ad-10(c) requires co-transfer agents to "dispatch or mail promptly" to the recordkeeping transfer agent a record of debits and credits for every security transferred or issued.²⁹¹ "Promptly" in this context means two business days following transfers (or daily if the transfer is within five days of the record date).²⁹² Consistent with

the proposed amendments to Rule 17ad-2 discussed above, the Commission proposes to amend paragraph (c) of Rule 17ad-10 to require co-transfer agents to provide the required information within one business day rather than two.²⁹³ As discussed, advances in technology and other innovations enable co-transfer agents to provide records of debits and credits for transferred securities within one business day and often contemporaneous with their occurrence. This will help support recordkeeping transfer agents' ability to meet the new turnaround timing requirements and ensure that all registered transfer agents perform their processing obligations consistently and timely.

Similarly, existing Rule 17ad-10(d) requires co-transfer agents to "respond promptly to all inquiries from the recordkeeping transfer agent regarding records required to be dispatched or mailed by the co-transfer agent" pursuant to Rule 17Ad-10(c).²⁹⁴ For purposes of paragraph (d), "promptly" means within five business days of receipt of an inquiry from the recordkeeping transfer agent.²⁹⁵ The Commission is proposing to amend paragraph (d) to require co-transfer agents to respond within one business day of receipt of an inquiry from the recordkeeping transfer agent.²⁹⁶ Given the shortened turnaround deadlines in Rule 17ad-2 and the changes to paragraph (c) of Rule 17ad-10 noted above, it is imperative that co-transfer agents respond to inquiries from recordkeeping transfer agents in a timely manner. As with the proposed amendment to Rule 17ad-10(a), this change comports with the uniform standard set forth in Rule 17ad-2 and will help support recordkeeping transfer agents' obligations to effect turnaround in a timely manner.

4. Retention of Certificate Detail

Existing Rule 17ad-10(f) requires every recordkeeping transfer agent to retain a record of all "certificate detail" (or, as proposed, "position detail") deleted from the master securityholder file for a period of six (6) years from the date of deletion.²⁹⁷ The Commission adopted this requirement to facilitate the resolution of record differences by recordkeeping transfer agents. The Commission proposes amending this rule to rescind the language allowing transfer agents that do not keep or

maintain a "hard copy" of the information to comply with the rule by adhering to the electronic storage requirements set forth in Rules 17ad-7(f) and (g).²⁹⁸ This provision would no longer be necessary, as the Commission's proposed amendments to the recordkeeping rules do not require transfer agents to keep and maintain hard copies of records. This proposed amendment would not require a particular method for transfer agents to retain records of "position detail" information deleted from the master securityholder file, meaning that such information could be maintained, for example, by onchain records.

5. Overissuances

Existing Rule 17ad-10(g) requires a registered transfer agent, in the event of any actual "physical overissuance," that it caused and of which it has knowledge, to buy-in securities (*i.e.*, purchase them in the open market) equal to the number of shares (in the case of equity securities) or principal dollar amount (in the case of debt securities) of the overissuance.²⁹⁹ The buy-in requirement is designed to deter transfer agents from permitting record differences to accrue and incentivizes them to maintain complete and accurate records that assure that securityholders will receive all appropriate corporate distributions and communications.³⁰⁰ The Commission is aware, however, that the use of the word "physical" in referring to an overissuance could be read to convey that the rule applies only to an overissuance of *certificated* securities, because they are represented by "physical" paper certificates. This is not the case. The buy-in requirement specified in existing Rule 17ad-10(g) applies to *any overissuance*, whether the overissuance involves certificated or uncertificated securities.

An overissuance is a type of record difference, but not all record differences are overissuances. Only record differences that result in an overissuance require a buy-in under existing Rule 17ad-10(g). When Rule 17ad-10(g) was proposed, the term "physical overissuance" was designed to distinguish between the type of record difference that results in an overissuance (*i.e.*, where "the share or dollar totals in the master securityholder file do not balance with the control book") and another type of record difference where "securities transferred or redeemed contain

²⁹³ See proposed Rule 17ad-10(c).

²⁹⁴ 17 CFR 240.17Ad-10(d).

²⁹⁵ *Id.*

²⁹⁶ See proposed Rule 17ad-10(d).

²⁹⁷ 17 CFR 240.17Ad-10(f).

²⁹⁸ See proposed Rule 17ad-10(f).

²⁹⁹ 17 CFR 240.17Ad-10(g)(1).

³⁰⁰ See 17ad-9 through 13 Adopting Release, *supra* note 111.

²⁹⁰ See *supra* Section III.D.1.

²⁹¹ 17 CFR 240.17Ad-10(c).

²⁹² *Id.*

certificate detail different from the certificate detail currently on the master securityholder file.”³⁰¹ The distinction is important because only the first type of record difference—the type that results in an overissuance—requires a buy-in under existing Rule 17ad-10.³⁰² Importantly, it is possible for the share or dollar totals in the master securityholder file to be out of balance with the control book for any type of security, whether it is uncertificated or certificated. Accordingly, and to avoid future confusion among industry participants, the Commission is proposing to remove the word “physical” in reference to overissuance in the title and throughout paragraph (g) of Rule 17ad-10.

To provide further clarity regarding the meaning of the term overissuance, the Commission is proposing to add paragraph (i) to Rule 17ad-10, which will define overissuance as “an out-of-balance condition wherein the securities issued and outstanding exceed the securities authorized and outstanding, as reflected in the transfer agent’s control book.”³⁰³ This proposed definition is appropriate because it is not potentially limited to certificated shares through use of the term “physical” as discussed above, and instead uses technology-neutral language that is equally applicable with respect to certificated and uncertificated securities. The proposed definition would help ensure that transfer agents are accurately and consistently applying the term and complying with their obligation to monitor against overissuances generally and conduct buy-ins consistent with Rule 17ad-10(g).³⁰⁴

6. Request for Comment

The Commission requests comments on all aspects of the proposed amendments to the requirements in Rule 17ad-10. In particular, the Commission requests comments on the following:

102. The proposed rule would redefine “promptly” for purposes of Rule 17ad-10(a) as the shorter of one business day or the time period specified by Rule 15c6-1(a), aligning the prompt posting requirement with the current T+1 settlement cycle. Is this standard achievable for all categories of transfer agents and all types of securities transactions, including those involving certificated securities, complex

corporate actions, or securities issued by smaller issuers? Are there transaction types or operational circumstances that would make one-business-day posting impractical or infeasible?

103. The proposed rule would eliminate the existing differentiated “promptly” standards for exempt transfer agents under Rule 17ad-4(b), transfer agents using batch processing systems, and all other recordkeeping transfer agents. Would the elimination of these differentiated standards create disproportionate compliance burdens for smaller or less technologically sophisticated transfer agents? Should the Commission consider an exemption or different standards for certain types of transfer agents, or a phased implementation schedule or transitional relief for transfer agents that would need to significantly upgrade their systems to meet the new standard?

104. Should the Commission consider allowing multiple recordkeeping transfer agents to jointly but separately maintain the master securityholder file for a particular issue across multiple files and systems? If so, how would the prompt posting and overissuance requirements in Rule 17ad-10 apply in such arrangements, and what additional safeguards or coordination requirements would be necessary to ensure accuracy and integrity of the master securityholder file?

105. Should transfer agents that maintain the master securityholder file exclusively on an immutable blockchain network be exempt from the record deletion and retention requirement set forth in Rule 17ad-10(f), given that records created on such networks cannot be “deleted” in the traditional sense? If so, what alternative requirements, if any, should apply to ensure that the purposes of Rule 17ad-10(f) are achieved?

106. Should the Commission amend Rule 17ad-10(h) to eliminate the provision stating that recordkeeping transfer agents shall not be required to add certificate detail (or position detail, as proposed to be amended) to the master securityholder file for certificates issued prior to the effective date of this section, which was September 30, 1983?

107. Should the Commission consider alternative approaches to ensuring that the requirements of Rule 17ad-10 apply equally and effectively to uncertificated securities, beyond the proposed replacement of “certificate detail” with “position detail” throughout the rule? For example, should the Commission consider adopting separate, tailored provisions for uncertificated securities that better reflect the operational realities of maintaining and updating

securityholder records in a fully electronic environment? Please explain.

J. Amendments to Rule 17ad-12

1. Background

A significant number of registered transfer agents provide administrative, recordkeeping, processing, and custody services associated with distributing cash and stock dividends, bond principal and interest, mutual fund redemptions, and other payments to securityholders, a constellation of services often referred to as “paying agent” services.³⁰⁵ These activities often require transfer agents to receive, accept, and hold funds or securities for periods ranging from less than one day to as long as 30 days before distributing them to intended recipients.³⁰⁶ In some instances, transfer agents may hold residual or unclaimed funds and securities for extended durations when the intended recipient is lost or unresponsive before distribution or escheatment under applicable law.³⁰⁷

The scope and scale of these activities are significant. In 2014, transfer agents distributed over \$2.4 trillion in securityholder dividends and interest payments.³⁰⁸ In 2024, the amount rose to nearly \$4.4 trillion in dividend disbursements and interest payments.³⁰⁹ These figures do not include distributions made by mutual fund transfer agents.³¹⁰ This data underscores

³⁰⁵ 2015 Concept Release, *supra* note 4, at Section VI.C (internal citations omitted). Exchange Act Rule 17ad-17(c)(2) defines the term “paying agent” to include any issuer, transfer agent, broker, dealer, investment adviser, indenture trustee, custodian, or any other person that accepts payments from the issuer of a security and distributes the payments to the holders of the security. 17 CFR 240.17Ad-17(c)(2).

³⁰⁶ 2015 Concept Release, *supra* note 4, at Section VI.C (internal citations omitted).

³⁰⁷ *Id.*; see also Transfer Agent Safeguarding of Funds and Securities, OCIE Risk Alert (Feb. 13, 2019), available at <https://www.sec.gov/files/OCIE%20Risk%20Alert%20-%20Transfer%20Agent%20Safeguarding.pdf> (last visited Mar. 23, 2026).

³⁰⁸ This figure is based on transfer agent annual reports filed with the Commission on Form TA-2 under the Exchange Act for the 2014 reporting period, which are publicly available once filed. See generally, Exchange Act Rule 17Ac2-2(a), 17 CFR 240.17Ac2-2(a); SEC Form TA-2, 17 CFR 249b.102.

³⁰⁹ This figure is based on transfer agent annual reports filed with the Commission on Form TA-2 under the Exchange Act for the 2024 reporting period, which are publicly available once filed. See generally, Exchange Act Rule 17Ac2-2(a), 17 CFR 240.17Ac2-2(a); SEC Form TA-2, 17 CFR 249b.102.

³¹⁰ For example, based on information received in response to information requests by Commission staff, we understand that aggregate gross purchase and redemption activity for some of the larger mutual fund transfer agents has ranged anywhere from \$3.5 trillion to nearly \$10 trillion just for a single entity in a single year. As discussed in Section II.D, we are proposing to amend Form TA-2 to include this information.

³⁰¹ 17ad-9 through 13 Proposing Release, *supra* note 9, at 47271.

³⁰² See 17ad-9 through 13 Adopting Release, *supra* note 111, at 28237.

³⁰³ See proposed Rule 17ad-10(i).

³⁰⁴ See proposed Rule 17ad-10(g).

the increasing magnitude and systemic importance of the paying agent functions performed by registered transfer agents. Operational disruptions have historically demonstrated the potential market impact of custody and processing failures: the late-1960s Paperwork Crisis (including widespread physical-certificate backlogs and theft), the 2008 financial crisis, and the 2012 flooding of DTCC's securities vault during Superstorm Sandy each highlighted the importance of safe, accurate, and efficient delivery of funds and securities—whether certificated or uncertificated—for market integrity and investor protection.³¹¹

Given transfer agents' custody and paying agent roles, risks include fraud, theft, misappropriation, recordkeeping errors, attachment (e.g., judgments against a transfer agent), and insolvency (e.g., commingling of issuer or securityholder funds with transfer agent funds, potentially leading to those issuer or securityholder funds being treated as general assets of the transfer agent in bankruptcy).³¹² As operations have become increasingly automated and data-driven, transfer agents also face operational and information-security risks that can affect ownership interests of securityholders and disrupt market activity, particularly in light of electronic linkages to DTC and other market participants.³¹³

2. Existing Requirements Under Rule 17ad-12

Rule 17ad-12 is the safeguarding rule. It requires registered transfer agents (1) to assure that all securities in their custody or possession are held in safekeeping and handled, in light of all facts and circumstances, in a manner reasonably free from risk of theft, loss or destruction and (2) to assure that all funds in their custody or possession are protected, in light of all facts and circumstances, against misuse.³¹⁴ In evaluating which particular safeguards and procedures must be employed, Rule 17ad-12 specifies that the cost of the various safeguards and procedures as well as the nature and degree of potential financial exposure are two relevant factors.³¹⁵

When Rule 17ad-12 was first proposed in 1982, the Commission

noted that “registered transfer agents, in addition to possess[ing] securities in transfer, may have custody and possession of substantial amounts of funds and securities for a variety of reasons” and that it was proposing Rule 17ad-12 “to strengthen investor protection.”³¹⁶ At the time, the Commission was primarily concerned with transfer agents maintaining physical custody of funds and securities through their role in maintaining balance certificates, administering DRIPs, retaining abandoned dividend checks and certificates under state abandoned property laws, maintaining supplies of unissued certificates, distributing cash dividends, and processing mutual fund redemptions.³¹⁷ The examples of “safekeeping” measures a transfer agent might employ were indicative of the focus on physical possession or control: dual control vaults, sign-in procedures for vault entry, closed circuit TV cameras, security guards, locked doors to offices where transfer agent activities are performed, identification badges by employees, and password procedures or terminal access controls for system terminals in the transfer agent's office, among others.³¹⁸

Other rules touch on mitigating risks associated with transfer agents' activities. For example, Rule 17Ad-13 requires an independent accountant's annual report concerning internal accounting control and related procedures for the transfer of record ownership and the safeguarding of related funds and securities,³¹⁹ and Rule 17ad-17 addresses a narrow aspect of paying agent activity—searches for lost securityholders and notices to unresponsive payees.³²⁰ However, these rules do not prescribe specific minimum standards for the complex administrative, recordkeeping, and processing activities associated with transfer agents' paying agent services, nor do they explicitly address operational and information security risks that arise in modern, largely electronic environments.

3. Modern Transfer Agent Activities and the Expanded Risk Landscape

While many paying agent activities remain similar in kind to those contemplated in 1982, their scope, volume, and complexity have

dramatically increased. Modern transfer agents routinely:

- Receive and hold issuer or securityholder funds and securities prior to distribution, exposing them to custody and delivery risks over varied holding periods;
- Maintain residual or unclaimed funds and securities for extended durations due to lost contact or unresponsive payees, implicating escheatment obligations;
- Execute complex distribution workflows—e.g., determining record-date eligibility; calculating and balancing cash dividends or stock dividend equivalents; issuing, registering, and delivering securities in certificated or book-entry form; printing and posting payments; reconciling checks and disbursements; and providing ancillary services (e.g., stops on lost/stolen checks or certificates, reissues, paid-check copies, and IRS tax reporting);³²¹ and
- Administer special distributions (e.g., settlements and litigations) requiring granular reconciliation of ownership records across time windows and eligibility criteria, where errors can trigger investor loss and issuer/agent liability.³²²

At the same time, the widespread use of uncertificated securities, including tokenized or book-entry securities, and end-to-end automation has introduced material operational and information-security risks. Transfer agents store, access, and manipulate data related to the securities and funds they hold. Unauthorized or inappropriate access or failure of those systems can directly lead to loss, misappropriation, or disruption of market activity—including among street-name owners via electronic linkages to DTC.³²³ In the Commission's experience, there is wide variance among transfer agents' practices concerning information security and operational risk management, and it is not uncommon for failures in information security or operational risk management to directly cause or contribute to losses through theft or misappropriation.³²⁴ While physical security is vitally important, cybersecurity and operational threats are equally vital to an effective safeguarding program.

Yet Rule 17ad-12 focuses on physical custody and does not provide clear, definitive standards for safeguarding

³¹¹ 2015 Concept Release, *supra* note 4, at Section VI.C (internal citations omitted).

³¹² *Id.*; see also OCIE Risk Alert, *supra* note 307.

³¹³ 2015 Concept Release, *supra* note 4, at Section VI.C (internal citations omitted); see also DTCC During Market Turmoil (July 2, 2021), available at <https://www.dtcc.com/dtcc-connection/articles/2021/july/02/dtcc-during-market-turmoil> (last visited Mar. 23, 2026).

³¹⁴ 17 CFR 240.17Ad-12(a)(1) and (2).

³¹⁵ 17 CFR 240.17Ad-12(a)(2).

³¹⁶ 17ad-9 through 13 Proposing Release, *supra* note 9, at 47274.

³¹⁷ *Id.*

³¹⁸ *Id.*

³¹⁹ See 17 CFR 240.17Ad-13.

³²⁰ See 17 CFR 240.17Ad-17.

³²¹ 2015 Concept Release, *supra* note 4, at Section VI.C (internal citations omitted).

³²² *Id.*

³²³ 2015 Concept Release, *supra* note 4, at Section VI.E (internal citations omitted).

³²⁴ See OCIE Risk Alert, *supra* note 307.

uncertificated securities, nor does it mandate a comprehensive risk-management framework capable of addressing cybersecurity and operational threats at the scale of modern activities. Further, risks such as recordkeeping errors, attachment, and insolvency remain salient and are not fully addressed by the existing safeguarding regime.

4. Proposed Amendments

Given the evolving roles of transfer agents, the magnitude of funds and securities they process and hold, increasing importance of cybersecurity and operational risk management in protecting investor and issuer funds and securities, more specificity and a robust, comprehensive standard is necessary to better protect investors, facilitate the prompt and accurate clearance and settlement of securities transactions, and preserve the resilience of the national clearance and settlement system.³²⁵ Reframing Rule 17ad-12 as an outcomes-based, policies-and-procedures requirement—supplemented by targeted minimum safeguards—is both necessary and appropriate in the public interest and for the protection of investors to:

- Explicitly cover all asset forms, including uncertificated securities, by extending the safeguarding requirement to misappropriation, damage, and improper or unauthorized access—terms that directly encompass electronic records and modern data systems;
- Mandate segregation of funds, requiring that issuer, securityholder, and other third-party funds be maintained in a bank account designated as a “for the benefit of” account, distinct from any transfer agent operating accounts, which will help ensure that those funds are not treated as the transfer agent’s general assets in the event of insolvency and reduce risks from commingling, attachment, and operational confusion;
- Require business continuity plans (“BCP”) to address events posing significant operational disruption risks—ensuring timely recovery of records and resumption of operations

and obligations and providing a baseline of preparedness to help mitigate local and systemic risks; and

- Establish a comprehensive risk-management framework to identify, measure, monitor, and mitigate material custody, operational, cybersecurity, and related risks—calibrated to each transfer agent’s business model and services—providing flexibility while ensuring consistent, minimum standards across the industry.

Accordingly, the Commission is proposing to reframe Rule 17ad-12 as a comprehensive risk management rule. Specifically, under proposed amendments to Rule 17ad-12, a registered transfer agent would be required to establish, maintain, and enforce written policies and procedures reasonably designed to (i) ensure that all securities and funds in the transfer agent’s possession, control, or custody are protected at all times against the risk of theft, loss, misappropriation, misuse, damage, destruction, and improper or unauthorized access and (ii) identify, measure, monitor, and mitigate any material custody, operational, cybersecurity, and other risks posed by or associated with the transfer agent’s business, activities, and operations.³²⁶ This approach would help establish clear but flexible compliance requirements that would permit each transfer agent to develop policies and procedures tailored to its risks and other characteristics. The specific policies and procedures would still need to comply with the minimum requirements specified in the rule but would otherwise be within the discretion of the transfer agent depending on the nature and scope of the transfer agent’s services and activities.

The rule would also require that all issuer, securityholder, and other third-party funds held by a registered transfer agent be maintained in a bank account designated as a “for the benefit of” account separate from any other bank account of the registered transfer agent.³²⁷ The proposed rule would not, however, require transfer agents to maintain segregation of third-party funds on a client-by-client basis. This requirement would help ensure that a transfer agent’s operational funds are not commingled with issuer, securityholder, or other third-party funds and that those issuer, securityholder, or third-party funds are kept bankruptcy remote in the event the transfer agent enters bankruptcy or otherwise goes out of business, thereby facilitating access of issuers,

securityholders, and other third parties to funds that are rightfully theirs.

Finally, the amended rule would require transfer agents to establish, maintain, and enforce a written business continuity plan that (i) identifies and addresses events that pose a significant risk of disrupting the transfer agent’s operations; (ii) ensures the timely recovery of the transfer agent’s records; (iii) enables the timely resumption of the transfer agent’s operations and fulfillment of its responsibilities and obligations; and (iv) is tested, reviewed, and updated no less frequently than annually.³²⁸ This requirement is necessary and appropriate to ensure that registered transfer agents address and mitigate the significant risks that disruptions pose to investors, issuers, the securities markets, and the national clearance and settlement system. As discussed above, any interruption to a transfer agent’s functions—whether caused by natural disaster, operational failure, cyber incident, employee malfeasance, or other events—can result in significant delays or errors in the delivery of funds and securities, lead to the loss of physical or electronic records, funds or securities, or in some cases jeopardize the ownership interests of securityholders. Based on the Commission’s supervisory experience, historical disruptions, including those triggered by severe weather events and other operational shocks, have demonstrated that the continuity of transfer agent operations is essential to maintaining market stability and protecting investors. The Commission understands that modern transfer agents rely extensively on electronic systems for recordkeeping, processing, and communication with issuers, securityholders, and other market participants. These systems introduce dependencies and vulnerabilities that did not exist when the transfer agent rules were first adopted, including the risk that a system outage, data loss, or cybersecurity incident could impair a transfer agent’s ability to process transactions, access or reconcile records, or fulfill its obligations as a paying agent or custodian. Because transfer agents often serve as a critical link between issuers, registered securityholders, depositories, and other intermediaries, an operational disruption at a single transfer agent can have broader effects on trading, clearance and settlement, and investor access to funds or securities. For these reasons, requiring registered transfer agents to establish, maintain, and enforce a written business continuity plan is a key component of

³²⁵ See *In the Matter of Columbia Management Investment Services Corp.*, Exchange Act Release No. 80016 (Feb. 10, 2017) (settled matter) (finding that the transfer agent’s Records Management Manager “viewed sensitive personal account information such as addresses, dates of birth, and identification numbers” to misappropriate foreign deceased shareholders’ funds and securities); *In The Matter of Equiniti Trust Company, LLC f/k/a American Stock Transfer & Trust Company, LLC*, Exchange Act Release No. 100780 (Aug. 20, 2024) (settled matter) (finding that the transfer agent “suffered two separate cyber incidents in 2022 and 2023, respectively, that led to the net loss of approximately \$4.08 million total in client funds”).

³²⁶ Proposed Rule 17ad-12(a).

³²⁷ Proposed Rule 17ad-12(b).

³²⁸ Proposed Rule 17ad-12(c).

a modernized safeguarding framework and is necessary to mitigate the operational and information security risks faced by contemporary transfer agents. The requirement that the business continuity plan ensure the timely recovery of the transfer agent's records is designed to ensure that each transfer agent considers how to address the recovery of both physical and electronic records. For example, duplicate copies of records that are kept separate from the originals may serve as a safeguard against data loss, corruption, or tampering. As such, duplicate copies of records may be part of a transfer agent's business continuity plan, enabling the timely recovery of records and resumption of operations if needed. The requirement that the business continuity plan be tested, reviewed, and updated no less frequently than annually is designed to help ensure that each transfer agent's plan remains current, effective, and appropriately calibrated to the transfer agent's technology, business model, scale, and risk profile.

The proposed amendments to Rule 17ad-12 will provide an outcomes-based but measurable standard that enables transfer agents to tailor their risk management to their particular operations while establishing a consistent minimum baseline of preparedness across the industry. Given the volume of assets handled by transfer agents and the dependence of issuers and investors on their uninterrupted operation, reframing Rule 17ad-12 as a comprehensive risk management rule is necessary and appropriate to promote the prompt and accurate clearance and settlement of securities transactions, the safeguarding of securities and funds, and to protect investors and the public interest.

5. Request for Comment

The Commission requests comments on all aspects of the proposed amendments to Rule 17ad-12. In particular, the Commission requests comments on the following:

108. Is an outcomes-based, policies and procedures approach appropriate for registered transfer agents' risk management, or should the rule specify more prescriptive minimum standards for particular types of risks or activities?

109. Should the Commission provide guidance on what would constitute a "material" custody, operational, cybersecurity, or other risk that would need to be addressed in a transfer agent's risk management policies and procedures?

110. Are the proposed requirements for BCPs adequate to ensure timely

recovery and resumption of operations after a disruption?

111. Should transfer agents be required to report cybersecurity incidents or other significant operational disruptions to the Commission or their ARA within a specified timeframe? If so, what types of incidents should trigger a reporting obligation, and what information should be included in such reports?

112. Should transfer agents be required to obtain independent assessments of their cybersecurity and operational risk management practices, such as SOC 2 reports (*i.e.*, the compliance and privacy standard developed by the AICPA) or similar third-party attestations? If so, how frequently should such assessments be required, and should they be filed with the Commission or made available to ARA staff?

113. Is the proposed requirement to maintain issuer or securityholder funds in segregated bank accounts practical and effective from a safeguarding perspective? Should the rule address whether stablecoins and tokenized deposits can be funds (in addition to cash) and whether the bank account could be a bank's custodial wallet? Should the rule specify minimum requirements for the banks at which such accounts must be maintained? Should the rule permit transfer agents to use trust accounts or other types of intermediaries, such as registered broker-dealers, to hold issuer or securityholder funds?

K. Amendments to Rule 17ad-17

1. Background

Existing Rule 17ad-17(b)(2) defines a lost securityholder as a securityholder to whom an item of correspondence that was sent is returned as undeliverable. Existing Rule 17ad-17(a)(1) requires recordkeeping transfer agents, brokers, and dealers with accounts of lost securityholders to exercise reasonable care to ascertain the correct physical mailing addresses of such securityholders, including by conducting at least two database searches pursuant to a specific schedule.³²⁹ The Commission adopted Rule 17ad-17 in 1997 to address situations where recordkeeping transfer agents could lose contact with securityholders, which could prevent securityholders from receiving corporate communications or interest, dividend, and other payments from the issuer to which the securityholder may be

entitled.³³⁰ The Commission also noted that loss of contact could place securityholders' securities and related interest and dividend payments to which they are entitled at risk of being deemed abandoned under operation of state escheatment laws.³³¹ Generally, such state escheatment laws require transfer agents to remit "abandoned" securities and funds to a state's unclaimed property administrator after a certain period of time has elapsed following a "dormancy trigger"—historically five years for securities.

There are two primary dormancy triggers for securities adopted in most states. First, one dormancy trigger is the return as undeliverable of one or more items of U.S. mail sent to the owner of the securities, commonly referred to as the "Returned Post Office" or "RPO" standard. Second, another dormancy trigger begins after the last owner-generated contact or activity, regardless of whether physical mail is successfully delivered.³³² In general, the property owner can avoid escheatment following a dormancy trigger by indicating an awareness of and interest in the security, for example by communicating with the transfer agent, accessing an account, negotiating a check, or making a deposit or withdrawal.³³³ Although securityholders who have had their securities escheated may be able to petition the state to reclaim their property, states generally indemnify holders only for the value of the securities at the time of escheatment, not for subsequent market appreciation, dividend streams, or tax consequences. Thus, ensuring that transfer agents can identify active and engaged securityholders is a key factor in preventing escheatment and the attendant harm or inconvenience it can cause to investors.

The Commission is aware of a recent trend among some states to reduce the dormancy period for securities from five years to three years.³³⁴ The Commission

³³⁰ See Rule 17ad-17 Adopting Release, *supra* note 57.

³³¹ *Id.*

³³² See Unclaimed Property: Compliance Obligations and Challenges for Broker Dealers—SIFMA, SIFMA (January 2015), available at <https://www.sifma.org/research/white-papers/unclaimed-property-compliance-obligations-and-challenges-for-broker-dealers> (discussing common dormancy triggers adopted by the states).

³³³ See, e.g., Revised Uniform Unclaimed Property Act, Section 210 (Indication of Apparent Owner Interest in Property).

³³⁴ For example, New York, Arizona, South Dakota, Maryland, and New Hampshire have three-year dormancy periods for securities. See also letter from Senator Elizabeth Warren, Ranking Member, Committee on Banking, Housing, and Urban Affairs, to Meaghan Aguirre, National Association of Unclaimed Property Administrators, dated April 15,

³²⁹ See 17 CFR 240.17Ad-17(a).

is also aware that many states have now replaced or supplemented the long-standing RPO standard that defines lost securityholders under Rule 17ad–17(a) with an inactivity standard that requires the owner to actively manage or access their account or it can be deemed dormant following a requisite period of inactivity.³³⁵ The argument in favor of the inactivity standard appears to be that the RPO standard is outdated, as many owners now access their accounts and receive statements electronically. However, a risk is that many investors adopt a “buy and hold” or “set it and forget it” strategy with their investment accounts, especially those established as retirement or educational savings accounts, and may see no need to routinely access their account, especially if they are receiving periodic statements.

The net effect of these developments is to increase the likelihood of escheatment for investors. In the case of inactivity standards replacing the RPO standard, it is possible that state laws could vitiate the purpose of Rule 17ad–17 altogether by requiring a transfer agent, broker, or dealer to escheat funds or securities to the state even though there is no lost securityholder as defined by the rule.

2. Proposed Amendments Regarding Inactive Securityholders

Accordingly, for the reasons discussed above, the Commission proposes to add Rule 17ad–17(b)(3) to establish a new defined term for “inactive securityholder.” Under the new Rule 17ad–17(b)(3), an inactive securityholder would include a securityholder for whom the transfer agent, broker, or dealer has not observed any account activity for a period of 18 months. For this purpose, the term “account activity” by a securityholder includes any of the following actions regarding its account: electronically accessing the account, including account login or email access; any electronic communication with the transfer agent, broker, or dealer regarding the account; conducting a

transaction in the account where the assets are held, including deposits or withdrawals of funds; indication of receipt of communications (such as read receipts); or any other affirmative indication or action that reasonably demonstrates that the securityholder is reachable and engaged with its account.

Under this proposal, a securityholder for whom the transfer agent, broker, or dealer has not observed any account activity for a period of 18 months would be treated as an inactive securityholder. Pursuant to the new requirement in proposed Rule 17ad–17(a)(3), the transfer agent, broker, or dealer would be required to exercise reasonable care to notify such securityholder. In exercising reasonable care to notify such securityholders, each such recordkeeping transfer agent and broker or dealer shall provide not less than two written notifications to each inactive securityholder stating that such inactive securityholder has not been active in its account, that some jurisdictions may consider inactive accounts to be unclaimed or abandoned property subject to escheatment, and describe the steps a securityholder may take to show activity in the account. Such notifications must be provided no later than six (6) months after the securityholder became an inactive securityholder and no later than six (6) months after providing the first notification. Such notifications need not be provided if the securityholder ceases to be an inactive securityholder prior to the notifications being provided. Such notifications may be sent by any method reasonably expected to reach the inactive securityholder.

Providing the notifications could aid the transfer agent, broker, or dealer in reestablishing activity in the account, prior to the transfer agent, broker, or dealer being required to remit funds or securities to the state escheatment authority pursuant to a potential dormancy standard, thereby advancing the protection of investors against escheatment of their assets.

3. Proposed Amendments Regarding Correspondence and Payments

To reflect the use of electronic means for sending correspondence and payments, the Commission is also proposing to update existing paragraphs (b)(2), (c)(1), and (c)(3). Paragraph (b)(2) defines the term “lost securityholder.” A securityholder can become a lost securityholder if, among other things, an item of correspondence that was sent to the securityholder at the address contained in the transfer agent’s master securityholder file or customer security account records of the broker or dealer

has been returned as undeliverable. The Commission is proposing to delete from this definition the phrase “at the address contained in the transfer agent’s master securityholder file or customer security account records of the broker or dealer.” Under the revised definition, a securityholder would become a lost securityholder whenever an item of correspondence that was sent to the securityholder has been returned as undeliverable, regardless of whether the address where the item was sent was contained in the transfer agent’s master securityholder file or customer security account records of the broker or dealer. The Commission is proposing this update to reflect that some securityholders may correspond using means and addresses, including electronic methods, that may not always be contained in the transfer agent’s master securityholder file or customer security account records of the broker or dealer. This proposal would ensure that all securityholders receive the protections afforded by the rule, regardless of how they may choose to correspond.

Similarly, the Commission is proposing to update paragraphs (c)(1) and (c)(3) to reference electronic means for sending payments. Paragraph (c) requires a paying agent, as defined in Rule 17ad–17(c)(2), to provide not less than one written notification to each unresponsive payee, in certain circumstances. Paragraph (c) currently refers to checks not being negotiated, in determining whether a securityholder is an unresponsive payee and when a paying agent must provide the written notification. The Commission is proposing to update paragraph (c) to refer to a rejected electronic payment, in addition to a check that has not been negotiated. The Commission is proposing this update to reflect that some securityholders may receive payments through electronic methods. This proposal would ensure that all securityholders receive the protections afforded by the rule, regardless of how they may choose to receive payments.

4. Request for Comment

The Commission requests comments on all aspects of the proposed amendments to Rule 17ad–17. In particular, the Commission requests comments on the following:

114. Should the rule specify additional steps that transfer agents, brokers, or dealers must take before or after completing unsuccessful database searches before remitting funds or securities to a state unclaimed property administrator, such as attempting to contact the securityholder by alternative

2026, available at <https://www.banking.senate.gov/imo/media/doc/20260415lettertonauponesescheatment.pdf>.

³³⁵ For example, in 2026, Florida Senate Bill 1457 enacted several significant changes to Florida’s unclaimed property laws. The new Florida standard incorporates both a returned communication standard and a 10-year period to show an indication of interest, or activity, in an account. It also allows investors to demonstrate continued interest by securely accessing a website, engaging through a mobile app, or responding to an account notice, among other actions. See Fla. SB 1452 (2026). See also, 12 Del. C. § 1133; N.Y. Abandoned Property Law § 50; Michigan Compiled Laws § 567; Texas Property Code Title 6; Iowa Code Chapter 556.

means or notifying the issuer? For example, should the Commission require that a lost securityholder provide affirmative consent before a transfer agent, broker, or dealer may remit funds or securities to a state unclaimed property administrator?

115. Is the Commission's proposed definition of "inactive securityholder" appropriate? Should the Commission amend the definition of "inactive securityholder" to incorporate any other account dormancy or inactivity component? If so, please describe in detail the other account dormancy or inactivity components. Is the Commission's proposed period of inactivity appropriate? What period of inactivity should trigger lost securityholder status?

116. Is the Commission's proposed description of account activity appropriate? What types of account activity should be sufficient to prevent a securityholder from being deemed inactive? Does the description adequately capture activity in tokenized securities?

117. Should the Commission consider other or additional measures to protect investors from the consequences of escheatment, such as requiring transfer agents, brokers, or dealers to provide an additional written notice to securityholders of the risk of escheatment before remitting their assets to a state unclaimed property administrator, or requiring transfer agents to maintain records of escheated assets to facilitate reclamation by investors?

118. Should the Commission make any other amendments to Rule 17ad-17 to reflect the use of electronic communications? For example, should the Commission amend the definition of "Information data base service" to reference electronic contact information and communications? Should the Commission include in the definition of "Information data base service" a data base that contains contact information reasonably likely to result in reestablishing contact with the lost securityholder, in the case of any other undeliverable correspondence? Should the Commission require transfer agents, brokers, or dealers to search for a correct physical mailing address for a lost securityholder? Should the Commission allow transfer agents, brokers, or dealers to satisfy their obligations under Rule 17ad-17 by searching for a correct electronic mailing address or other means of electronic communication? Are there commercially available databases which transfer agents, brokers, or dealers can use to search for a correct electronic mailing address or

other means of electronic communication?

119. Should the Commission make any other amendments to Rule 17ad-17(c) to reflect paying agents' use of electronic communications and electronic payments?

120. In situations where a transfer agent, broker, or dealer does not have a physical mailing address for a securityholder, how does the transfer agent, broker, or dealer comply with Rule 17ad-17? Are there alternative means of complying with Rule 17ad-17 that do not require the use of physical mail?

121. Should the Commission consider any other alternative approaches to protect investors from the consequences of escheatment? If so, what alternative approaches should the Commission consider? For example, should the Commission harmonize with approaches taken by other regulators, such as the Department of Labor? Should the Commission consider explicitly preempting state laws related to escheatment? Please explain in detail.

122. Should the Commission consider providing an alternative to the database search requirement in circumstances where the transfer agent, broker, or dealer does not have identifying information for a lost securityholder? For example, should the Commission consider a lost securityholder reauthentication requirement whereby the transfer agent, broker, or dealer must make at least two attempts to reestablish contact with a lost securityholder using all available contact information reasonably available to the transfer agent, broker, or dealer?

IV. Proposed New Rules

It is appropriate to address on-going concerns regarding transfer agent operations as well as strengthen the industry's approach to new technology and investor protection. Accordingly, the Commission is proposing a strengthened compliance framework which would include requirements for registered transfer agents to develop compliance policies and procedures and to refrain from improperly removing restrictive legends. Each of these proposed new rules is discussed in detail below.

A. Proposed Rule 17ad-30: Compliance

Proposed Rule 17ad-30 would require every registered transfer agent to establish, maintain, and enforce written policies and procedures reasonably designed to (i) achieve compliance with the federal securities laws and the rules and regulations thereunder applicable to the transfer agent and (ii) identify and

remediate instances of non-compliance with the policies and procedures in a timely manner.³³⁶ The proposed rule would also require that the policies and procedures be reviewed and approved by the transfer agent's board of directors or similar governing body no less frequently than annually or following material changes to either the transfer agent's operations or the federal securities laws and rules and regulations described in paragraph (a)(1) of this section.³³⁷

Based upon its supervisory experience with respect to transfer agents, the Commission has observed that there is significant variance among transfer agents in terms of their awareness of and experience with the federal securities laws, including the Commission's transfer agent rules. This variance can have significant consequences, including compromising the accuracy of issuer securityholder records, disrupting communications between issuers and securityholders, disenfranchising investors, and potentially exposing issuers, investors, and the broader securities markets to significant financial loss and undermining the national system of clearance and settlement.

These requirements would establish a uniform baseline compliance requirement for all registered transfer agents, regardless of size, business model, or specific services provided, while at the same time providing individual transfer agents with the flexibility to develop and implement written policies and procedures based on their specific business model, services, risks, and other characteristics. Such flexibility would help accommodate the various business models transfer agents may have while at the same time advancing the Commission's investor protection goals and facilitating the safe and efficient functioning of the national clearance and settlement system.

1. Policies and Procedures Reasonably Designed To Achieve Compliance

Proposed Rule 17ad-30(a)(1) would require every registered transfer agent to establish, maintain, and enforce written policies and procedures reasonably designed to achieve compliance with the applicable federal securities laws, rules, and regulations.³³⁸ As noted, this approach is designed to provide flexibility while promoting a baseline of compliance across the industry. The policies and procedures requirement

³³⁶ See proposed Rule 17ad-30(a).

³³⁷ See proposed Rule 17ad-30(b).

³³⁸ See proposed Rule 17ad-30(a).

would necessitate that registered transfer agents conduct a critical review and evaluation of the regulatory landscape and identify the specific statutes, rules, and regulations implicated by the transfer agent's registration status and specific activities.

The establishment of written policies and procedures for regulated entities is commonplace in existing securities laws and regulations.³³⁹ Beyond simply establishing a compliance framework, written policies and procedures also facilitate the identification and remediation of compliance issues in a timely manner. Written policies and procedures are an essential tool through which transfer agents can organize, communicate, implement, monitor, and improve their compliance efforts, and the proposed rule's requirement for such policies and procedures is therefore complementary to existing legal obligations.

In establishing and maintaining such written policies and procedures, a transfer agent may tailor them to its particular circumstances and the scope of its transfer agent activities. In establishing, maintaining, and enforcing such written policies and procedures, a transfer agent generally should ensure that its directors, officers, employees, contractors, and service providers are aware of the transfer agent's policies and procedures and both obligated and capable of complying with them in the performance of their duties. The Commission understands that there are various ways for a firm to ensure awareness and compliance among its management and personnel, including maintaining and distributing employee handbooks, establishing robust training programs, ensuring that firm policies and procedures are easily accessible, utilizing technology like compliance software and online policy management tools, consistent interpretation and enforcement of the policies and procedures by management, internal

audits and risk assessments, and creating a culture of transparency and accountability where questions, concerns, and issues can be raised openly and without fear of retaliation. Regardless of the specific methods and tools a transfer agent uses to ensure that its management and staff are aware of and follow relevant policies and procedures, determining which methods and tools will work best is a key component of ensuring that the policies and procedures are reasonably designed to achieve compliance.

Sub-paragraph (2) of Rule 17ad-30(a) would require that the policies and procedures be reasonably designed to identify and remediate noncompliance with the transfer agent's policies and procedures in a timely manner.³⁴⁰ While transfer agents would have flexibility to ensure that compliance failures are remediated in a way that is tailored to the specific transfer agent, any approach would need to include policies and procedures reasonably designed to identify and track instances of non-compliance, as well as an approach to identify and implement appropriate remedial measures. This system would help provide the transfer agent with data and other information necessary to evaluate the overall effectiveness of the compliance program, including whether the policies and procedures, or any other part of the compliance program, may need to be updated or amended as required under paragraph (b) of proposed Rule 17ad-30. By requiring transfer agents to establish systems for identifying and remediating violations, the proposed rule would help ensure that compliance issues are addressed promptly before they can disrupt the prompt and accurate processing of securities transactions or otherwise harm investors, issuers, or the broader securities markets, and at the very least mitigate such disruptions and harm.

2. Board Approval and Annual Review

Proposed Rule 17ad-30(b) would require that the policies and procedures be reviewed and approved by the transfer agent's board of directors or similar governing body no less frequently than annually or following material changes to either the transfer agent's operations or the federal securities laws and rules and regulations described in proposed rule 17ad-30(a)(1).³⁴¹

Compliance with applicable securities laws, rules, and regulations is fundamental to a transfer agent's ability

to perform its critical functions in the national clearance and settlement system, and the board of directors or similar governing body is ultimately responsible for the overall direction and oversight of the transfer agent's business, including compliance. Requiring board approval would emphasize the importance of compliance and help ensure that adequate attention is paid at the highest levels of the firm.³⁴²

Similarly, the requirement to review the policies and procedures no less frequently than annually would provide an opportunity for the governing body responsible for making such determinations to assess the effectiveness of the compliance program, identify any gaps or weaknesses, and ensure that the compliance program evolves as needed to address changes in the transfer agent's business, applicable rules and regulations, and the broader securities market. The requirement for the board of directors to review and approve the policies and procedures following material changes to the transfer agent's operations or the applicable federal securities laws and rules should also ensure that a transfer agent keeps its policies and procedures updated following any relevant developments in the compliance and regulatory landscape.

3. Request for Comment

The Commission requests comments on all aspects of proposed Rule 17ad-30. In particular, the Commission requests comments on the following:

123. Should the Commission provide more specific guidance or safe harbors regarding what constitutes policies and procedures "reasonably designed" to achieve compliance? If so, what specific elements or standards should be included?

124. Should the rule apply uniformly to all registered transfer agents, or should the Commission adopt a tiered or scaled approach based on factors such as size, transaction volume, number of issuer accounts serviced, or complexity of services provided? If so, how should such tiers be defined and what requirements should apply to each?

125. Are there particular categories of federal securities laws and regulations that should be explicitly identified in the rule or accompanying guidance as requiring coverage in a transfer agent's compliance policies and procedures?

³³⁹ See e.g., 17 CFR 275.206(4)-7 (a rule requiring registered investment advisers to adopt and implement written compliance policies and procedures reasonably designed to prevent violations of the Investment Advisers Act and rules adopted thereunder. This rule also includes requirements to review, no less frequently than annually, the written compliance policies and procedures and to designate a chief compliance officer responsible for administering such policies and procedures); see also 17 CFR 270.38a-1 (a rule requiring registered investment companies to adopt and implement written compliance policies and procedures reasonably designed to prevent violations of the federal securities laws. This rule also includes requirements to review, no less frequently than annually, the adequacy of the compliance policies and procedures and to designate a chief compliance officer responsible for administering such policies and procedures).

³⁴⁰ See proposed Rule 17ad-30(a)(2).

³⁴¹ See proposed Rule 17ad-30(b).

³⁴² See generally Clearing Agency Governance and Conflicts of Interest, Exchange Act Release No. 98959 (Nov. 16, 2023), 88 FR 84454 (Dec. 5, 2023).

Alternatively, would such specificity undermine the flexibility the Commission intends to provide?

126. Should the rule require transfer agents to designate a specific compliance officer or maintain a dedicated compliance function responsible for overseeing the implementation and enforcement of the compliance program? If so, should there be minimum qualifications for such a role, and how should any such requirement be scaled for smaller transfer agents?

127. Should a transfer agent's board of directors or similar governing body be required to review and approve the transfer agent's compliance policies and procedures annually? For transfer agents that lack a traditional board structure, such as sole proprietorships, partnerships, or certain limited liability companies, what entity or individual should be responsible for fulfilling the approval and oversight functions specified by the proposed rule? Should the Commission provide additional guidance on what constitutes a "similar governing body" for purposes of this requirement?

128. Should the Commission provide guidance on what constitutes a "material" change to the transfer agent's operations or the federal securities laws and rules that would trigger the requirement for the transfer agent's governing body to review and approve the transfer agent's compliance policies and procedures?

129. Should the rule require transfer agents to report material instances of noncompliance to the Commission within a specified timeframe? If so, how should "material" be defined for this purpose?

130. Should the rule require transfer agents to keep any particular records regarding the development and/or enforcement of the policies and procedures that would be required by the proposed rule? Should the rule require transfer agents to keep any particular records regarding the governing body's annual review and approval of the policies and procedures required by the proposed rule?

131. Should the Commission consider any alternative approaches to establishing a compliance framework for transfer agents? If so, what alternative approaches should the Commission consider? Please explain in detail.

B. Proposed Rule 17ad-31: Restrictive Legends

As discussed in the 2015 Concept Release, transfer agents play a particularly important role in the securities industry with respect to the

issuance and transfer of restricted securities. In no case may a security be resold or transferred legally unless there is an effective registration statement or an available exemption from registration for the resale. Restricted securities are, most commonly, among other things, securities acquired directly or indirectly from the issuer, or from an affiliate of the issuer, in a transaction or chain of transactions not involving any public offering.³⁴³ Typically, these securities bear restrictive legends indicating that their sale or transfer may be subject to a restriction or limitation and intermediaries will not effectuate their transfer until restrictive legends are removed. Because transfer agents are often the party responsible for affixing, tracking, and removing restrictive legends, they help to prevent unregistered securities distributions that violate Section 5 of the Securities Act of 1933.³⁴⁴

Section 5 violations facilitated by the removal of restrictive legends have remained a perennial issue. Transfer agent failures to adequately perform this function have, under certain circumstances, been found to have violated Section 5.³⁴⁵ As a result, requirements specifically applicable to transfer agents to address their unique role in this process are necessary and appropriate to protect investors and the public interest by reducing the risk of such violations of the federal securities laws. Therefore, the Commission is proposing new Rule 17ad-31 to establish requirements for transfer agents regarding the placement and removal of restrictive legends and to help prevent transfer agents from facilitating violations of Section 5 of the Securities Act of 1933.³⁴⁶ The proposed rule would require transfer agents to: (1) maintain and rely upon a current list of authorized issuer employees on whose instructions the transfer agent is authorized to act regarding the placement and removal of restrictive legends; and (2) refrain from facilitating any unregistered securities transaction unless the transfer agent has a reasonable basis to believe that the

transaction does not violate, or is not part of a chain of transactions that would violate, Section 5(a) of the Securities Act of 1933. The proposed rule would also provide a non-exclusive safe harbor for transfer agents seeking to establish such a reasonable basis prior to facilitating an unregistered securities transaction.³⁴⁷

1. Requirement To Maintain List of Authorized Issuer Representatives—Proposed Rule 17ad-31(a)

Proposed Rule 17ad-31(a) would require each transfer agent to, for each issue of securities it services on behalf of an issuer, (1) obtain from the issuer and maintain a current list of issuer employees on whose instructions the transfer agent is authorized to act regarding the placement and removal of restrictive legends; and (2) refrain from acting on instructions from any person not included on the list required pursuant to paragraph (a)(1).³⁴⁸

The purpose of this provision is to ensure that transfer agents only perform services based on instructions from employees of the issuer who are authorized by the issuer to provide such instructions. This would address situations in which transfer agents receive requests to perform services such as removing restrictive legends or issuing new securities from an unauthorized person rather than at the direction of the issuer. The Commission is aware that some promoters may represent themselves as agents of the issuer when they are not. The proposed rule would prevent a transfer agent from acting upon the instructions of an unauthorized person to issue stock or to remove restrictive legends.

2. Requirements To Establish Reasonable Basis Before Facilitating Certain Transactions—Proposed Rule 17ad-31(b)

Proposed Rule 17ad-31(b) would require transfer agents to refrain from facilitating any unregistered securities transaction unless the transfer agent has a reasonable basis to believe that the transaction does not violate, or is not part of a chain of transactions that would violate, Section 5(a) of the Securities Act of 1933.³⁴⁹ The proposed

³⁴³ See Rule 144(a)(3), 17 CFR 230.144(a)(3).

³⁴⁴ See Securities Act of 1933 Section 5, 15 U.S.C. 77e.

³⁴⁵ See e.g., *In the Matter of Manhattan Transfer Registrar Company and John C. Ahearn*, Exchange Act Release No. 83267 (May 17, 2018) (settled action against a transfer agent and its former principal for violations of Sections 5(a) and 5(c) of the Securities Act of 1933 related to their roles in removing restrictive legends and effectuating numerous stock transfer requests which led to the unlawful public sale of the securities of two companies).

³⁴⁶ See Securities Act of 1933 Section 5, 15 U.S.C. 77e.

³⁴⁷ See proposed Rule 17ad-31.

³⁴⁸ See proposed Rule 17ad-31(a).

³⁴⁹ See proposed Rule 17ad-31(b).

Notwithstanding the requirements of proposed Rule 17ad-31(b), any seller of a security in an unregistered transaction would continue to bear the burden of establishing the availability of an exemption from registration. See, e.g., *In the Matter of the Application of William H. Murphy & Co., Inc. and William H. Murphy For Review of Disciplinary Action Taken by FINRA*, Exchange Act Release No. 90759 (Dec. 21, 2020) (stating that "[u]pon the

rule provides three examples of unregistered securities transactions: processing or recording (1) an original issuance of securities not registered pursuant to the Securities Act; (2) a request to remove a restrictive legend or stop order on any security; or (3) the purchase, sale, or transfer³⁵⁰ of a security by an affiliate, officer, or director of the issuer of the security.

The purpose of this provision is to help prevent the removal of restrictive legends or the facilitation of other transactions involving unregistered securities from being used as a step in a potentially illegal distribution of securities. By requiring transfer agents to have a reasonable basis to believe that the transaction will not violate Section 5, the rule is designed to strengthen transfer agents' role in this process to help prevent violations of the Securities Act. Given transfer agents' access to information about the securities and the parties involved, transfer agents are able and should be required to take reasonable steps to ensure they are not facilitating a potentially illegal distribution.

This proposed provision would require transfer agents to ensure that they have a reasonable basis for believing that a transaction may proceed legally before facilitating it. Therefore, transfer agents should ensure that they are not aware of any red flags associated with such transaction. The term "red flag" refers to an aspect of a transaction or series of transactions that may indicate the transaction is fraudulent, illegal, or otherwise problematic. Red flags associated with unregistered securities transactions may include, among other things, trading suspensions, concentration of ownership of the majority of freely tradeable securities, large reverse stock splits, companies whose assets are large but revenue is minimal, a shell company acquisition of a private company, incomplete or nonexistent issuer filings with the Commission, a sudden spike in investor demand for a thinly traded or low priced security, suspicious documents such as inconsistent financial documents or altered certificates of incorporation, an issuer with several recent name changes, business combinations, or

establishment of a prima facie case of a Section 5 violation, the burden shifted to WHM to show that the offers and sales at issue were exempt from the registration requirements . . . Because 'public policy strongly supports registration,' the burden of proof rests with the party claiming the exemption.") (citations omitted).

³⁵⁰ For purposes of proposed Rule 17ad-31(b), the term "transfer" includes non-sale transfers of securities.

recapitalizations, and receipt of similar documents from different issuers with certain characteristics, such as involvement of the same attorney. If a transfer agent becomes aware of a red flag while processing an unregistered securities transaction, the transfer agent should take reasonable steps to inquire further regarding the red flag and proceed processing the transaction only when the transfer agent has a reasonable basis to believe that doing so will not facilitate a violation of Section 5.

3. Methods for Establishing Reasonable Basis—Proposed Rule 17ad-31(c)

Proposed Rule 17ad-31(c) would create a non-exclusive safe harbor by providing transfer agents with two methods for developing the reasonable basis required under paragraph (b): (1) obtaining and reviewing an opinion of counsel that meets certain specified requirements; or (2) making their own determination that the transaction may be conducted pursuant to a specific exemption from registration.³⁵¹ Under either method, in order to rely on the safe harbor, the transfer agent also must not be aware of circumstances indicating that the transaction may violate, or is part of a chain of transactions that may violate, Section 5(a) of the Securities Act of 1933.

a. Opinion of Counsel

Under proposed paragraphs (c)(1) and (c)(2), a transfer agent may establish the required reasonable basis by obtaining and reviewing an opinion of counsel that meets certain requirements. Specifically, the opinion must be from counsel who is not an affiliate, officer, director, or employee of either the issuer or the individual or entity seeking to resell shares of the issuer.³⁵² This requirement is designed to help ensure the independence and objectivity of the legal analysis. The opinion must identify the documents and information the counsel reviewed and relied upon in providing the required analysis. This requirement is designed to provide transparency regarding the factual basis for the legal opinion and to enable the transfer agent to assess whether the opinion is based on a sufficient factual record. The opinion must analyze the applicability and validity of a specific exemption from registration and, based on that analysis, opine that the specific transaction at issue may be conducted pursuant to the specific exemption from registration so identified. This requirement is designed to ensure that the opinion provides a substantive legal

analysis of why a specific exemption applies to the specific transaction, rather than simply providing a conclusory statement that the transaction is exempt.

In addition to obtaining an opinion that meets these requirements, the transfer agent must not be aware of circumstances indicating that the transaction may violate, or is part of a chain of transactions that may violate, Section 5(a) of the Securities Act.³⁵³ This requirement is designed to ensure that transfer agents do not simply rely blindly on an opinion of counsel when there are "red flags" or other circumstances that have alerted or should alert the transfer agent to potential problems with the transaction.³⁵⁴

b. Transfer Agent's Own Determination

Under proposed paragraph (c)(3), as an alternative to obtaining an opinion of counsel, a transfer agent may make its own determination that the transaction may be conducted pursuant to a specific exemption from registration, provided the transfer agent is not aware of circumstances indicating that the transaction may violate, or is part of a chain of transactions that may violate, Section 5(a) of the Securities Act.³⁵⁵ This alternative is designed to provide flexibility for transfer agents that have the expertise and resources to conduct their own legal analysis. The Commission recognizes that some transfer agents, particularly larger transfer agents with experienced legal and compliance staff, may prefer to conduct their own analysis rather than rely on opinions from outside counsel. Permitting transfer agents to make their own determinations, subject to appropriate documentation and approval requirements as discussed below, would provide appropriate flexibility while still ensuring adequate safeguards.

4. Documentation Requirements for Transfer Agent Determinations—Proposed Rule 17ad-31(d)

Proposed Rule 17ad-31(d) would establish specific documentation requirements for any determination made by a transfer agent under

³⁵³ See proposed Rule 17ad-31(c)(1).

³⁵⁴ See *supra* Section IV.B.2 for a discussion of potential red flags. In addition, a transfer agent should generally consider whether the opinion of counsel is provided by an attorney who is licensed to practice law and in good standing in the jurisdiction(s) where the attorney is so licensed. For example, certain market centers may provide a list of prohibited service providers that include attorneys convicted of criminal activity or subject to regulatory bans or suspensions.

³⁵⁵ See proposed Rule 17ad-31(c)(2).

³⁵¹ See proposed Rule 17ad-31(c).

³⁵² See proposed Rule 17ad-31(c)(2).

paragraph (c)(3). These requirements are designed to help ensure that transfer agents that choose to make their own determinations regarding the availability of exemptions from registration maintain appropriate records to support those determinations and subject them to appropriate management review and approval. Specifically, any determination under paragraph (c)(3) must be supported by written documentation, reviewed and approved by management of the transfer agent, that: (1) identifies the specific exemption from registration pursuant to which the relevant transaction may be conducted; (2) identifies the documents and information the transfer agent reviewed and relied upon in making the determination; and (3) identifies and analyzes the specific facts, including the documents and information that establish and support such facts, that support the transfer agent's determination.³⁵⁶

These documentation requirements are designed to help ensure that transfer agents that make their own exemption determinations engage in an analysis similar to what would be expected in an opinion of counsel. By requiring the transfer agent to identify the specific exemption, the documents and information reviewed, and the specific facts supporting the determination, the rule is designed to ensure that the determination is based on a thorough analysis of the relevant legal requirements and factual circumstances. The requirement that the determination be reviewed and approved by management is designed to help ensure appropriate oversight and accountability. Requiring management review and approval will help ensure that determinations are made carefully and consistently and that appropriate controls are in place to prevent errors or misconduct.

5. Request for Comment

The Commission requests comments on all aspects of proposed Rule 17ad-31. In particular, the Commission requests comments on the following:

132. Should proposed Rule 17ad-31 apply to an original issuance of securities not registered pursuant to the Securities Act? Are there categories of original issuances for which the rule's requirements would be unnecessary or unduly burdensome, and if so, should such categories be explicitly excluded?

133. Should the Commission provide a specific, non-exhaustive list of "red flags" or circumstances that should alert a transfer agent to potential Section 5

violations and trigger heightened scrutiny or additional inquiry before facilitating a transaction? If so, what specific red flags should be included, and should they be incorporated into the rule itself?

134. Are the requirements for opinions of counsel under proposed paragraph (c)(2) appropriate? Should any additional requirements be included, or should any of the proposed requirements be modified? For example, should transfer agents be required to request and retain, subject to the record maintenance and retention rules, copies of documents the counsel reviewed and relied upon in providing the opinion?

135. Is the alternative of permitting transfer agents to make their own determinations under proposed paragraph (c)(3) appropriate? Should there be any limitations on which transfer agents may use this alternative (for example, based on size, resources, or expertise)? If so, how should such limitations be defined?

136. Are the documentation requirements under proposed paragraph (d) appropriate and sufficient? Should any additional documentation be required?

137. Should the Commission provide additional guidance regarding what constitutes "circumstances indicating" a potential violation under paragraphs (c)(1) and (c)(3)? If so, what specific guidance would be helpful?

138. Are there circumstances under which transfer agents should be permitted to facilitate transactions covered by proposed paragraph (b) without meeting the requirements of proposed paragraph (c)? If so, what circumstances and what alternative requirements, if any, should apply?

139. Should the Commission expand proposed Rule 17ad-31 to require transfer agents to make information about the issuance, ownership, and transfer history of securities, including those traded over the counter, available to broker-dealers or investors?³⁵⁷ If so, what information should the Commission require transfer agents to disclose? Would this information facilitate liquidity for smaller public companies? Would this information better allow broker-dealers to determine whether the securities present heightened risk profiles or red flags associated with unlawful distributions?

³⁵⁷ See Final Reports of the SEC Government-Business Forum on Small Business Capital Formation from 2019, 2020, 2022, 2023, 2024, 2025, and 2026, available at <https://www.sec.gov/about/divisions-offices/office-advocate-small-business-capital-formation/final-reports-sec-government-business-forum>.

140. Should the Commission consider any alternative approaches to addressing the risks associated with improper removal of restrictive legends? If so, what alternative approaches should the Commission consider? Please explain in detail.

V. Economic Analysis

A. Introduction

The Commission is mindful of the economic effects, including the costs and benefits, of the proposed rules and amendments. Section 3(f) of the Exchange Act directs the Commission, when engaging in rulemaking where it is required to consider or determine whether an action is necessary or appropriate in the public interest, to consider, in addition to the protection of investors, whether the action will promote efficiency, competition, and capital formation.³⁵⁸ Further, Section 23(a)(2) of the Exchange Act requires the Commission, when making rules pursuant to the Exchange Act, to consider the impact that the rules would have on competition, and prohibits the Commission from adopting any rule that would impose a burden on competition not necessary or appropriate in furtherance of the purposes of the Exchange Act.³⁵⁹

The Commission's consideration of the proposal's economic effects draws on transfer agents' role in the national clearance and settlement system, technological and regulatory changes in transfer agent activities, and market failures within the transfer agent industry. Transfer agents act as issuers' agents and play a critical role in the clearance and settlement of securities transactions. Transfer agents' key functions include: (i) maintaining the official "golden record" of ownership of an issuer's securities; (ii) facilitating the issuance, cancellation, and transfer of those securities and making and retaining records documenting and relating to such transactions; (iii) facilitating communications between issuers and registered securityholders; and (iv) making dividend, principal, interest, and other payments and distributions to securityholders.³⁶⁰

Between the 1970s and 2026, there have been significant technological and regulatory changes to securities markets and transfer agent activities. Transfer agents' operations have transitioned from manual book-entry and paper records to automated book-entry and electronic recordkeeping, and transfer

³⁵⁸ See 15 U.S.C. 78(c)(f).

³⁵⁹ See 15 U.S.C. 78w(a)(2).

³⁶⁰ See 2015 Concept Release, *supra* note 4, at 81949.

³⁵⁶ See proposed Rule 17ad-31(c)(3).

agents now commonly rely on electronic means of communication with issuers instead of handwritten inquiries and telephone responses. The bulk of securities holdings are no longer certificated securities. Many transfer agents may also be registered as investment companies, investment advisers, broker-dealers, and banking entities, and have changed their business and compliance practices to comply with the evolving set of recordkeeping, compliance, custody, conduct, and other requirements with respect to their activities that are unrelated to their transfer agent activities. The above changes notwithstanding, the Commission's core transfer agent rules were first adopted in the late 1970s and early 1980s. These rules have not been revisited since their adoption and do not reflect subsequent technological changes or evolving industry practices. This misalignment between the rules and modern transfer agent activities has created unnecessary complexity and potentially inhibited transfer agents' ability to perform their functions.

The market for transfer agent services is characterized by market failures: adverse selection and moral hazard arising from asymmetric information, externalities, and market power exploitation stemming from holdup problems. Regarding the asymmetric information that gives rise to adverse selection and moral hazard, issuer clients observe the outcome of transfer agents' operations rather than their intentions, information, processes, and methods, which are crucial to the proper performance of transfer agent activities. These informational disparities can lead to adverse selection, where issuers are unable to differentiate among transfer agents based on each transfer agent's capability to perform transfer agent activities, and moral hazard, where transfer agents may underinvest in operational quality once a contract is secured. Regarding externalities, transfer agent services are negotiated between transfer agents and issuers, but their effects extend to securityholders, other third-party users of transfer agent services, and the securities markets as a whole. Transfer agents' failure to perform their duties promptly, accurately, and safely can, among other things, expose issuers, investors, and the securities markets as a whole to significant financial losses;³⁶¹ reduce the willingness of investors to participate in securities

markets; and impair the ability of issuers to raise capital in those markets.

The fact that each issuer engages a single transfer agent creates the potential for market power exploitation and holdup problems. Holdup problems arise when issuers make relationship-specific investments (*e.g.*, migrating securityholder records to a particular transfer agent) that are costly to reverse, which enable the transfer agent to opportunistically renegotiate terms after the contract is established.

Broadly, the proposal would facilitate the prompt and accurate clearance and settlement of securities transactions, strengthen investor protection, increase investor participation in securities markets, facilitate capital raising, enhance regulatory oversight, reduce informational asymmetries between transfer agents and issuers, and address holdup problems.

As discussed in Section V.C, the proposal has benefits and costs, many of which are difficult to quantify. For example, although the following analysis discusses specific benefits expected to result from the proposal, including more prompt and accurate clearance and settlement of securities transactions, improved investor protection, and increased capital market participation, the Commission lacks the data necessary to estimate the magnitudes of these effects separately or in the aggregate. Similarly, the Commission lacks data to estimate certain costs associated with the proposal such as the costs incurred by transfer agents to acquire the operational capability to meet turnaround requirements under the existing one-day standard settlement cycle and the costs of complying with the proposed amendments to Rule 17ad-12. Where economic effects cannot be quantified, the Commission provides a qualitative assessment in lieu of quantification and invites commenters to provide data and information to support quantification of the benefits and costs of the proposal and its impacts on efficiency, competition, and capital formation.

B. Economic Baseline

The baseline against which the costs, benefits, and effects on efficiency, competition, and capital formation of the proposal are measured consists of the current state of the transfer agent markets and the existing regulatory framework governing transfer agents.³⁶²

³⁶² See, *e.g.*, *Nasdaq v. SEC*, 34 F.4th 1105, 1111-14 (D.C. Cir. 2022). This approach also follows SEC staff guidance on economic analysis for rulemaking. See SEC Staff, Current Guidance on Economic

Sections V.B.1 and V.B.2 address the regulatory baseline and affected parties, respectively. As described in Section V.B.3 below, the Commission's understanding of the baseline is informed by two primary data sources and its regulatory experience. Subsequent sections address specific aspects of the baseline, namely the structure of the transfer agent industry, including trends in market concentration; transfer agent activities; statistics related to transfer agents' withdrawal from registration; statistics about issuers that receive transfer agent services; database searches and account remittances; segregated funds; and basis for removing restrictive legends.

1. Regulatory Baseline

a. Federal Regulations

A transfer agent must apply for registration by submitting Form TA-1 to its ARA, and must amend the form as necessary to maintain its accuracy once its registration becomes effective.³⁶³ Registered transfer agents must file an annual report with the Commission using Form TA-2.³⁶⁴ Registered transfer agents may withdraw from registration by filing Form TA-W.³⁶⁵

Rules 17ad-1 and 17ad-9 define terms used throughout the rules.³⁶⁶

Rule 17ad-2 sets performance standards for transfer agents,³⁶⁷ principally concerning turnaround and processing time. Transfer agents failing these performance standards must notify the Commission and their other ARA. Further, Rule 17ad-3 sets notification requirements and limits expansion of activities if a transfer agent does not meet these standards.³⁶⁸ Rule

Analysis in SEC Rulemaking (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.").

³⁶³ See *supra* section II.A.

³⁶⁴ See Exchange Act Rule 17ac2-2, 17 CFR 240.17Ac2-2; SEC Form TA-2, 17 CFR 249b.102 (Form for Reporting Activities of Transfer Agents Registered Pursuant to Section 17A of the Securities Exchange Act of 1934).

³⁶⁵ See Exchange Act Rule 17ac3-1, 17 CFR 240.17Ac3-1; Exchange Act Section 7A(c)(3)(a), 15 U.S.C. 78q-1(c)(3)(A); SEC Form TA-W, 17 CFR 249b.101 (Notice of Withdrawal from Registration as a Transfer Agent).

³⁶⁶ See Exchange Act Rule 17ad-1, 17 CFR 240.17Ad-1.

³⁶⁷ See Exchange Act Rule 17ad-2, 17 CFR 240.17Ad-2.

³⁶⁸ See Exchange Act Rule 17ad-3, 17 CFR 240.17Ad-3.

³⁶¹ See 2015 Concept Release, *supra* note 4, at 81949.

17ad-4 provides certain exemptions from the turnaround, processing, and recordkeeping rules.³⁶⁹

Rule 17ad-6 generally details what records transfer agents shall make and keep;³⁷⁰ Rule 17ad-7 principally specifies how long certain records shall be maintained.³⁷¹

Rule 17ad-10 principally requires recordkeeping transfer agents to promptly post certificate detail to each master securityholder file.³⁷²

Rule 17ad-11 requires that recordkeeping transfer agents report to issuers and their ARA information regarding aged record differences.³⁷³

Rule 17ad-12 requires transfer agents to safeguard funds and securities of which they have custody or possession in a manner reasonably free from theft, loss, destruction, or misuse.³⁷⁴

Rule 17ad-13 generally requires registered transfer agents to file an annual report concerning certain internal controls and procedures.³⁷⁵

Rule 17ad-17 requires transfer agents, brokers, dealers, and other financial intermediaries to make efforts to find lost securityholders and unresponsive payees.³⁷⁶

Transfer agents that are also broker-dealers, investment advisers, or both must comply with applicable federal and other regulations.

b. Bank Regulations and SRO Regulations

Transfer agents that are banks or subsidiaries of banks must comply with the relevant banking regulations.

There are also SRO rules and requirements applicable to transfer agents which will apply when transfer agents engage in certain activities or join programs governed by an SRO. For example, an exchange may have rules and requirements for transfer agents servicing securities listed on it; transfer agents for NYSE-listed securities are subject to NYSE requirements.³⁷⁷ By way of example, the NYSE requirements

focus on (i) dual registrars and transfer agents; (ii) turnaround times; (iii) capitalization; and (iv) insurance coverage.³⁷⁸ These requirements also address transfer agent personnel, safeguarding, and co-transfer agents.³⁷⁹ Similarly, transfer agents that participate in DRS must comply with DTC rules and regulations.³⁸⁰ DTC requirements of a security issuer may also indirectly apply to the issuer's transfer agents. A transfer agent that engages in other business may be subject to SRO rules based on those other activities, such as a broker-dealer that may be subject to FINRA regulations.

c. Regulation of Transfer Agents Under State Law

Transfer agents are also subject to state laws. States require that financial institutions including transfer agents report when property is deemed to be "unclaimed" or "abandoned";³⁸¹ such property may be escheated after a period of inactivity.³⁸²

2. Affected Parties

The proposal would principally affect transfer agents; there were an estimated 327 registered transfer agents as of June 30, 2026.³⁸³ The proposal would also affect the following parties:

- **Issuers.** Issuers are the clients of transfer agents. As of 2025,³⁸⁴ there were 7,750 registered issuers filing Forms 10-K, 20-F, or 40-F or their variants. As of December 2025, there were 14,130 registered investment funds, excluding business development companies.³⁸⁵ As of 2025, there were 171 business development companies, a type of registered investment company that files Form 10-K and is included in the 7,750 figure above. Unlike securityholders and other third parties, issuers negotiate directly with transfer agents for services and bear primary contractual responsibility for transfer agent fees.

- **Broker-dealers.** Transfer agents process securities transactions at the instruction of broker-dealers, and in the case of trades involving certificated securities generally the physical certificates are received and delivered

via brokers. In the fourth quarter of 2025, there were 3,262 registered broker-dealers, of which 153 carried customer accounts ("carrying broker-dealers").³⁸⁶

- **Investors and securityholders.**

Investors and securityholders rely on the national clearance and settlement system and transfer agents to process their securities transactions and, unlike issuers, generally lack direct contractual relationships with transfer agents. They may also purchase services such as certificate replacement from transfer agents.

- **Other parties.** The proposal may also affect banks, attorneys, and non-attorney third parties that provide services to transfer agents.

3. Available Data

The Commission's understanding of the transfer agent industry is informed in part by data from several sources. The first data source is transfer agents' regulatory filings, comprising registration information in Form TA-1 and amendments thereto, annual activity data reported on Form TA-2, and withdrawal information reported on Form TA-W. These filings are available on the SEC's EDGAR system in a structured eXtensible Markup Language ("XML") format.³⁸⁷ The second data source is the Ives Group's Audit Analytics ("AA") data derived from the most recent periodic issuer filings since 2024. The AA data include, among other things, information about the number and characteristics of issuers served by a subset of transfer agents.³⁸⁸ The Commission's understanding of the transfer agent industry is further

³⁸⁶ These estimates were based on an analysis of Schedule I to the FOCUS filings and Form BD filings for the quarter. This count excludes notice-registered broker-dealers. Carrying broker-dealers hold title to and maintain records of beneficial ownership of securities held in street name. This is distinct from maintaining a security issue's master securityholder file. Either carrying or non-carrying broker-dealers may be cross-registered as transfer agents or be a business affiliate of a transfer agent or may be additionally registered as an investment adviser; the vast majority are not transfer agents. As of June 30, 2026, four entities were registered as transfer agents and broker-dealers. Three of these entities were also registered as investment advisers. See *infra* Section V.B.4. One entity that was registered as a transfer agent and broker-dealer (but not as an investment adviser) was a carrying broker-dealer. Another entity that was registered as a transfer agent, broker-dealer, and investment adviser was a carrying broker-dealer.

³⁸⁷ The Commission also makes available quarterly compilations of transfer agent information filed with the Commission in a tab-delimited flattened format (starting with Q4 2006). See *Transfer Agent Data Sets*, SEC, available at <https://www.sec.gov/dera/data/transfer-agent-data-sets>. See also *Transfer Agent Data*, SEC, available at https://www.sec.gov/files/ta_readme.html.pdf (for a guide to this data).

³⁸⁸ See *infra* Section V.B.7.

³⁶⁹ See Exchange Act Rule 17ad-4, 17 CFR 240.17Ad-4.

³⁷⁰ See Exchange Act Rule 17ad-6, 17 CFR 240.17Ad-6.

³⁷¹ See Exchange Act Rule 17ad-7, 17 CFR 240.17Ad-7.

³⁷² See Exchange Act Rule 17ad-10, 17 CFR 240.17Ad-10.

³⁷³ See Exchange Act Rule 17ad-11, 17 CFR 240.17Ad-11.

³⁷⁴ See Exchange Act Rule 17ad-12, 17 CFR 240.17Ad-12.

³⁷⁵ See Exchange Act Rule 17ad-13, 17 CFR 240.17Ad-13.

³⁷⁶ See Exchange Act Rule 17ad-17, 17 CFR 240.17Ad-17.

³⁷⁷ See generally, *Listed Company Manual*, Section 601.01, NYSE, available at <https://nyse.wolterskluwer.cloud/listed-company-manual/09013e2c8503fcc2>.

³⁷⁸ *Id.*

³⁷⁹ *Id.*

³⁸⁰ See generally, *Rules, By-Laws and Organization Certificate of the Depository Trust Company*, The Depository Trust Company, available at https://www.dtcc.com/-/media/Files/Downloads/legal/rules/dtc_rules.pdf.

³⁸¹ See *supra* Section III.K.

³⁸² See *supra* Section III.K.

³⁸³ See *infra* Section V.B.4.

³⁸⁴ See *infra* Section V.B.7.

³⁸⁵ See *infra* Sections V.B.3 and V.B.7.

informed by decades of supervisory and examination experience of registered transfer agents.

Four data limitations may affect the interpretation of the results based on Forms TA-1, TA-2, and TA-W. First, Commission staff have observed that certain transfer agents that file Form TA-1 do not engage in any transfer agent activity. Their inclusion in the Form TA-1 data set may cause the Commission to overestimate the number of active transfer agents. Second, although transfer agents are required to file Form TA-2 by March 31 following each calendar year reporting period, Commission staff have observed that some transfer agents either fail to file or file after the reporting deadline. Third, some transfer agents that exit the industry may not file Form TA-W to withdraw their registration. To the extent that non-filers of Forms TA-W and late or non-filers of Form TA-2 are missing from the Commission's data, transfer agent counts may be overestimated and estimates of transfer agent activity may be underestimated. Missing data due to late filings may disproportionately affect data concerning small transfer agents. Fourth, the Commission's supervisory experience indicates that there is variability in the way registered transfer agents calculate the number of individual securityholder accounts reported in response to Question 4(b), which hinders the Commission's ability to gather and analyze accurate and comparable information. This observed inconsistency is relevant to the baseline analysis which uses data derived from Form TA-2 Question 4(b), among other things.

Information concerning the number of issuers that are registered investment company funds, other than business development companies, is derived from the December 2025 Annual Registered Investment Company Update, which uses Form N-CEN data.³⁸⁹ This data set begins in December 2019.

4. Market Structure and Trends

As of June 30, 2026, there were an estimated 327 registered transfer agents. As shown in Table 4, the Commission is the ARA for 272 of the 327 transfer agents (or approximately 83%), while the Office of the Comptroller of the

Currency ("OCC"), the Board of Governors of the Federal Reserve System ("FRB"), and the Federal Deposit Insurance Corporation ("FDIC") serve as the ARA for 24, 21, and 10 transfer agents, respectively. Thus, as many as 55 transfer agents may be subject to oversight and supervision by banking regulators.

Entities that are registered as transfer agents also may operate as broker-dealers or investment advisers. As of June 30, 2026, four entities were registered as transfer agents and broker-dealers³⁹⁰ and 14 entities were registered as transfer agents and investment advisers.³⁹¹ Three entities were registered as transfer agents, broker-dealers, and investment advisers.³⁹²

Table 5 presents the geographical distribution of the 327 transfer agents. The majority of these transfer agents operate within the U.S. (301 out of 327, approximately 92%), with a small number of transfer agents operating outside the U.S. (25 out of 327, approximately 8%).³⁹³ New York, California, and Massachusetts are the three states with the most transfer agents.

TABLE 4—TRANSFER AGENTS' APPROPRIATE REGULATORY AGENCIES

ARA	Number	Percent (%)
FDIC	10	3.1
FRB	21	6.4
OCC	24	7.3
SEC	272	83.2
Total	327	100

TABLE 5—GEOGRAPHICAL DISTRIBUTION OF TRANSFER AGENTS

State	Number
Panel A. U.S. Transfer Agents	
New York	46
California	34
Massachusetts	24
Florida	17
Texas	16

³⁹⁰ These entities are identified by comparing registered transfer agents with registered broker-dealers that filed quarterly FOCUS reports for 2025.

³⁹¹ These entities are identified by comparing registered transfer agents with registered investment advisers as of the end of March 2026.

³⁹² In other words, of the 14 entities that were registered as transfer agents and investment advisers, three also were registered as broker-dealers. Of the four entities that were registered as transfer agents and broker-dealers, three also were registered as investment advisers.

³⁹³ One transfer agent did not report a country or state.

TABLE 5—GEOGRAPHICAL DISTRIBUTION OF TRANSFER AGENTS—Continued

State	Number
Pennsylvania	15
Illinois	13
Ohio	13
New Jersey	11
Missouri	10
Colorado	10
All others	92
All U.S. Transfer Agents	301

Panel B. Non-U.S. Transfer Agents

Country	# TAs
Canada	16
India	4
Germany	1
Hong Kong	1
China	1
Philippines	1
Colombia	1
All Non-U.S. Transfer Agents	25

Table 6 reports the number of Form TA-2 filers for the 10 annual reporting periods between 2016 and 2025.³⁹⁴ For the 2025 reporting period, the Commission estimates that approximately 253 registered transfer agents filed Form TA-2.³⁹⁵ Using the number of Form TA-2 filers as a proxy for industry size, Table 6 indicates that the transfer agent industry has been gradually contracting over this period, with Form TA-2 filers declining from 287 in 2016 to 253 in 2025.³⁹⁶ Table 6 also shows that in 2025, there were 143 transfer agents that received fewer than 1000 items for transfer³⁹⁷ (representing approximately 57% of Form TA-2 filers for that reporting period).

TABLE 6—NUMBER OF FORM TA-2 FILERS

Year	Number of form TA-2 filers	Number of form TA-2 filers with <1,000 items
2016	287	160
2017	270	140
2018	266	137
2019	266	139
2020	279	159

³⁹⁴ For the analysis of Form TA-2 and TA-W data in this section, we use submissions received through the end of the second quarter of 2026.

³⁹⁵ As discussed above, these figures underestimate the number of active transfer agents due to non-filing or filing delays.

³⁹⁶ The decrease in the count of Form TA-2 filers from 265 (2024 reporting period) to 253 (2025 reporting period) could be due in part to filing delays.

³⁹⁷ These transfer agents are identified based on their responses to Question 4(a) on Form TA-2.

³⁸⁹ See Annual Registered Investment Company Update, available at <https://www.sec.gov/files/annual-registered-investment-company-update-20260512.pdf>. See also Annual Registered Investment Company Update Supporting Data, available at <https://www.sec.gov/files/annual-registered-investment-company-update-202512.xlsx>.

TABLE 6—NUMBER OF FORM TA-2 FILERS—Continued

Year	Number of form TA-2 filers	Number of form TA-2 filers with <1,000 items
2021	269	151
2022	275	157
2023	267	156
2024	265	159
2025	253	143

The transfer agent industry is highly concentrated, as shown in Table 7. As of 2025, the 10 largest transfer agents account for approximately 82% of individual security holder accounts,³⁹⁸ 84% of all items received for transfer,³⁹⁹ and 87% of securityholder accounts for which the transfer agent maintained master securityholder files.⁴⁰⁰ Based on AA data since 2024⁴⁰¹ on issuers, the 10 largest transfer agents service

approximately 69% of registered issuers; those issuers represent approximately 98% of total market capitalization reported in the sample, which includes both listed and unlisted issues and both foreign and U.S. issues. These concentration levels, and their upward trend over the 2016–2025 period shown in Table 7, suggest limited competitive constraints on the largest transfer agents.

TABLE 7—MARKET SHARE OF THE LARGEST TRANSFER AGENTS¹

Year	Individual accounts %	Individual accounts %	Items received for transfer %	Items received for transfer %	Master security holder files %	Master security holder files %
	Top 5	Top 10	Top 5	Top 10	Top 5	Top 10
2016	49.7	70.4	55.4	77.4	60.1	73.9
2017	52.0	72.0	54.5	74.7	62.5	75.5
2018	52.3	73.4	59.2	73.3	63.4	77.1
2019	53.8	74.8	58.9	75.1	65.4	78.5
2020	55.5	77.2	65.4	77.1	66.7	80.4
2021	57.8	77.2	61.4	76.5	69.0	81.1
2022	57.9	78.5	69.3	82.6	69.4	81.0
2023	59.3	80.9	66.8	84.2	72.3	84.7
2024	61.3	81.9	70.5	86.9	73.1	85.8
2025	62.5	82.2	66.6	84.5	74.2	87.0

¹ These estimates are based on an analysis of Form TA-2 data for 2016 through 2025.

a. Recordkeeping Transfer Agents and Paying Agents

Of the 253 transfer agents filing Form TA-2 for the 2025 reporting period,⁴⁰² 158 (62% of the total) served as either a recordkeeping transfer agent or a paying agent,⁴⁰³ while the remaining 95 transfer agents (38% of the total) served in neither capacity. Out of the 253 transfer agents, 120 served in both capacities, 32 served only as a recordkeeping transfer agent, and six served only as a paying agent. In total, 152 transfer agents served as a recordkeeping transfer agent (60%),⁴⁰⁴ while 126 served as a paying agent (50%).⁴⁰⁵

According to Form TA-2 filings for the 2025 reporting period, transfer

agents distributed approximately \$5.0⁴⁰⁶ trillion in securityholder dividends and interest payments.

b. Service Companies

Transfer agents compete with each other for issuer clients but may also engage other transfer agents as service companies to perform some or all of the principal transfer agent's activities. Table 8 reports statistics on service company use based on Form TA-2 data.⁴⁰⁷ Transfer agents that neither engage service companies nor are so engaged (Table 8, Column 4) comprise the largest segment of the industry each year, and this segment has grown moderately over time from 50% of transfer agents in 2016 to 56% in 2025. In contrast, the fraction of transfer

agents engaging only as principal users of service companies decreased from 29% in 2016 to 23% in 2025 (Table 8, Column 1). The fraction engaged only as service companies decreased from 14% to 11% over the same period (Table 8, Column 2). The fraction serving in both roles increased from 8% in 2016 to 10% in 2025 (Table 8, Column 3). In total during 2025, 44%⁴⁰⁸ of transfer agents either relied on service companies for at least some functions or acted as service companies themselves, with 33% engaging service companies⁴⁰⁹ and 21% engaged as service companies.⁴¹⁰

Analyses of Form TA-2 data indicate that transfer agents act as service companies less frequently than they engage service companies. Between the 2016 and 2025 reporting periods,

³⁹⁸ Individual securityholder accounts include accounts in the Direct Registration System (DRS), dividend reinvestment plans and/or direct purchase plans as of Dec. 31 of the reporting period. These are accounts for which the transfer agent maintained master security holder files. See Form TA-2 Question 5(a).

³⁹⁹ See Form TA-2 Item 4(a).

⁴⁰⁰ See Form TA-2 Item 4(b).

⁴⁰¹ See *infra* Section V.B.7.

⁴⁰² See *supra* Table 3.

⁴⁰³ Recordkeeping transfer agents are identified based on their responses to Questions 6(a) and 6(c) on Form TA-2. Paying agents are identified based on their responses to Question 7(c) on Form TA-2.

⁴⁰⁴ Calculated as 120 transfer agents that served as both a recordkeeping transfer agent and a paying

agent + 32 transfer agents that served only as a recordkeeping transfer agent = 152 transfer agents. 152/253 = 0.60 or 60%.

⁴⁰⁵ Calculated as 120 transfer agents that served as both a recordkeeping transfer agent and a paying agent + 6 transfer agents that served only as a paying agent = 126 transfer agents. 126/253 = 0.50 or 50%.

⁴⁰⁶ This estimate is based on transfer agents' response to Question 7(c)(ii) of Form TA-2.

⁴⁰⁷ These results are based on transfer agents' responses to Questions 2(a)–2(d) of Form TA-2. Reported calculations and row totals reflect rounding.

⁴⁰⁸ Calculated as 23% (percentage of transfer agents that only engaged service companies, Table 8 Column 1) + 11% (percentage of transfer agents that only were engaged as service companies, Table

8 Column 2) + 10% (percentage of transfer agents that both engaged service companies and where themselves engaged as service companies, Table 8 Column 3) = 44%.

⁴⁰⁹ Calculated as 23% (percentage of transfer agents that only engaged service companies, Table 8 Column 1) + 10% (percentage of transfer agents that both engaged service companies and where themselves engaged as service companies, Table 8 Column 3) = 33%.

⁴¹⁰ Calculated as 11% (percentage of transfer agents that only were engaged as service companies, Table 8 Column 2) + 10% (percentage of transfer agents that both engaged service companies and where themselves engaged as service companies, Table 8 Column 3) = 21%.

transfer agents reported engaging service companies in 919 filings and being engaged as service companies in 582 filings. Among transfer agents that engaged service companies, the average

number of service companies engaged was approximately 1.5, while the median was one.⁴¹¹ Among transfer agents that were engaged as service companies, each was engaged by

approximately 3.5 other transfer agents on average, while the median was two.⁴¹²

TABLE 8—SERVICE COMPANIES

Year	Transfer agent			
	(1) Only engages service company (%)	(2) Only engaged as service company (%)	(3) Engages service company and is engaged as service company (%)	(4) Does not engage service company and is not engaged as service company (%)
2016	29	14	8	50
2017	27	14	9	50
2018	29	15	8	48
2019	26	14	9	51
2020	25	13	10	53
2021	24	13	8	54
2022	24	11	9	56
2023	22	10	10	57
2024	23	10	9	58
2025	23	11	10	56

c. Internal Transfer Agents

Transfer agents may differ in breadth of services they offer. An internal transfer agent is a transfer agent that acts or intends to act as a transfer agent solely for its own securities and/or securities of affiliates.⁴¹³ Because issuers served by internal transfer agents would likely not seek transfer agent services from competing transfer agents (at least for the set of services provided by the internal transfer agents), they effectively represent a captive market segment unavailable to outside competitors. Based on supervisory experience, the Commission estimates that approximately 13% of registered transfer agents are internal transfer agents—a small fraction of the total. One interpretation of this low prevalence is that economies of scale (e.g., arising from investments in information technology) are sufficiently large that most issuers find outsourcing more cost-effective than self-administration. However, other factors, including regulatory exposure, complexity, and reputational considerations, may also contribute.

d. Transfer Agents Covered by Rule 17ad-4

Based on an analysis of Form TA-2 filings for the 2025 reporting year, the Commission estimates that 51 transfer agents would be covered by Rule 17ad-4(a) (47 transfer agents process Fund Shares and four transfer agents process interests in LPs) and 143 transfer agents would be covered by Rule 17ad-4(b). Of the 143 transfer agents, 57 reported zeros on all applicable questions in their Form TA-2 filings, suggesting either that these registrants outsource all transfer agent activities or are not actively providing transfer agent services to issuer clients. Thus, the estimate of 143 transfer agents is an upper bound estimate of the number of transfer agents that would be covered by Rule 17ad-4(b). All told, up to 194 transfer agents⁴¹⁴ are estimated to be covered by Rule 17ad-4. The Commission requests that commenters provide feedback on the number of transfer agents that are covered by Rules 17ad-4(a) and 17ad-4(b).

5. Transfer Agent Activities

Transfer agent activities can be described by classifying the different types of securities for which registered transfer agents act in various capacities (Figures 6 and 7).⁴¹⁵ In 2025, 164 transfer agents reported acting in these capacities for at least one securities issue (65% of the 253 that filed Form TA-2), and corporate equity securities made up the largest average share of issues served (37%), followed by open-end investment company securities (31%). On average, these two types accounted for approximately 68% of all issues served. The rest of the issues are distributed across corporate debt securities (7%), municipal debt securities (9%), limited partnerships (6%), and other securities (10%). In 2025, 98 (60% of the 164) transfer agents serviced equity securities, 49 (30%) serviced corporate debt securities, 58 (35%) serviced open-end investment company securities, 33 (20%) serviced limited partnership securities, 25 (15%) serviced municipal debt securities, and 49 (30%) serviced other securities.

⁴¹¹ The Commission obtained similar results for each individual reporting period.

⁴¹² *Id.*

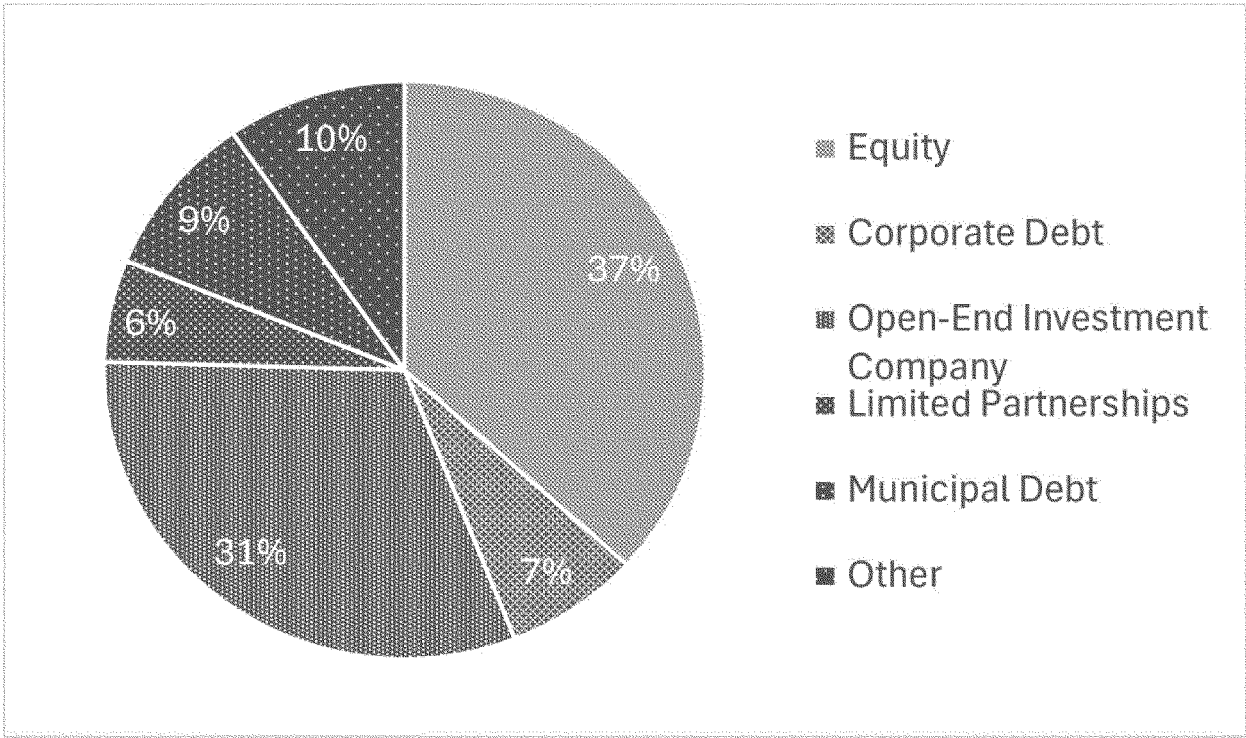
⁴¹³ Such a transfer agent may also be termed a “captive,” “affiliated,” or “full internalization” transfer agent. See 2015 Concept Release, *supra*

note 4, at 81993. (discussing the concept of internal transfer agent in the context of the mutual fund industry).

⁴¹⁴ 194 transfer agents = 51 transfer agents covered by Rule 17ad-4(a) + 143 transfer agents covered by Rule 17ad-4(b).

⁴¹⁵ The capacities considered in these figures and related text are maintaining the master securityholder file or processing transfers for a security.

Figure 6. Share of Security Issues for Which Transfer Agents Acted in Various Capacities, 2025 ¹

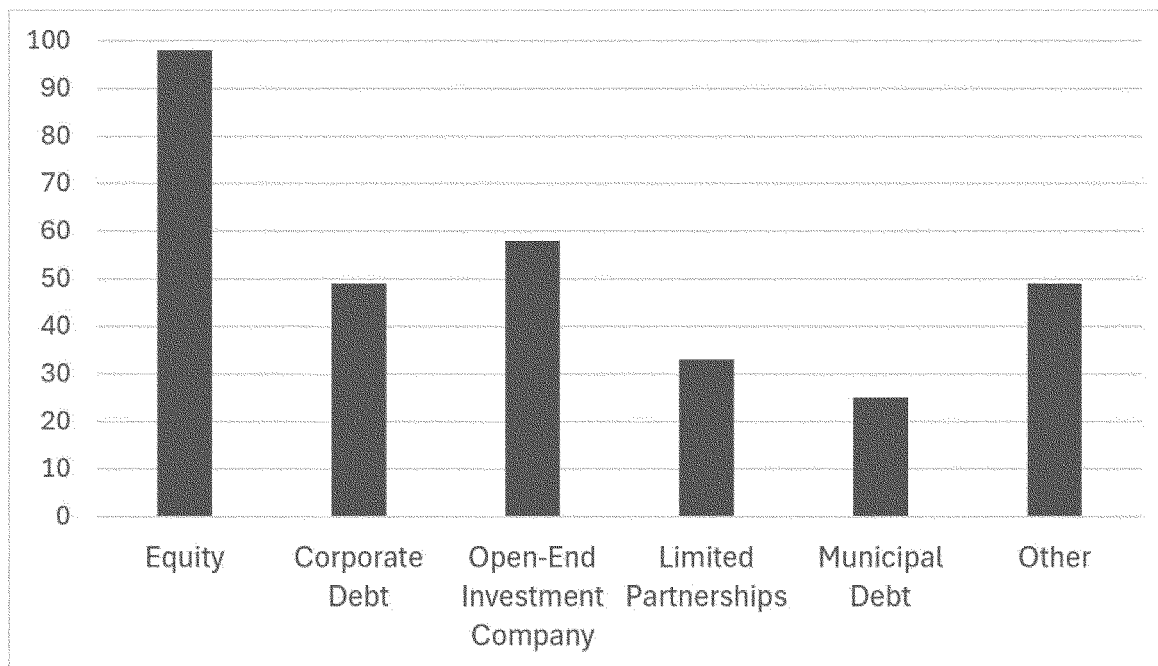


¹ This analysis is based on transfer agents' responses to Question 6 of Form TA-2 filed for the 2025 reporting period. Question 6 asks transfer agents to report the number of securities issues for which they (i) receive items for transfer and maintain the master securityholder files (Question 6(a)); (ii) receive items for transfer but do not maintain the master securityholder files (Question 6(b)); or (iii) do not receive items for transfer

but maintain the master securityholder files (Question 6(c)). For each transfer agent, the Commission calculates the total number of issues serviced for each type of security and the corresponding percentage share. The percentages reported in Figure 6 represent averages of percentage shares calculated across transfer agents for which data are available. The Commission has also considered the structure of TA activities

based on the reported percentage of individual securityholder accounts in corporate equity securities, corporate debt securities, open-end investment company securities, limited partnership securities, municipal debt securities, and other securities in 2025 (Question 5(d) of Form TA-2) and obtained results consistent with Figure 6.

Figure 7. Number of Transfer Agents Servicing Securities by Security Type, 2025¹



¹ This analysis is based on transfer agents' responses to Question 6 of Form TA-2 filed for the 2025 reporting period. Question 6 asks transfer agents to report the number of securities issues for which they (i) receive items for transfer and maintain the master securityholder files (Question 6(a)); (ii) receive items for transfer but do not maintain the master securityholder files (Question 6(b)); or (iii) do not receive items for transfer but maintain the master securityholder files (Question 6(c)).

While Figures 6 and 7 describe the structure of transfer agent activities at the aggregate level, they do not address whether individual transfer agents choose to perform services across all types of securities or whether they choose to perform services for a few types of securities. Table 9 presents statistics on the degree to which transfer agents specialize in specific types of securities based on transfer agents' responses to Question 6 of Form TA-2 filed for the 2025 reporting period. Table 9 indicates a high degree of specialization among transfer agents. Of the 164 transfer agents that responded to Question 6 of Form TA-2, 79 (48% of 164) received items for transfer and/or maintained master securityholder files for one type of securities. Another 44 transfer agents (27% of 164) received items for transfer and/or maintained master securityholder files for two types of securities. Thus, 75% of the transfer agents focused on, at most, two types of securities. Only five transfer agents (3%

of 164) received items for transfer and/or maintained master securityholder files for five types of securities, and none did for all six.

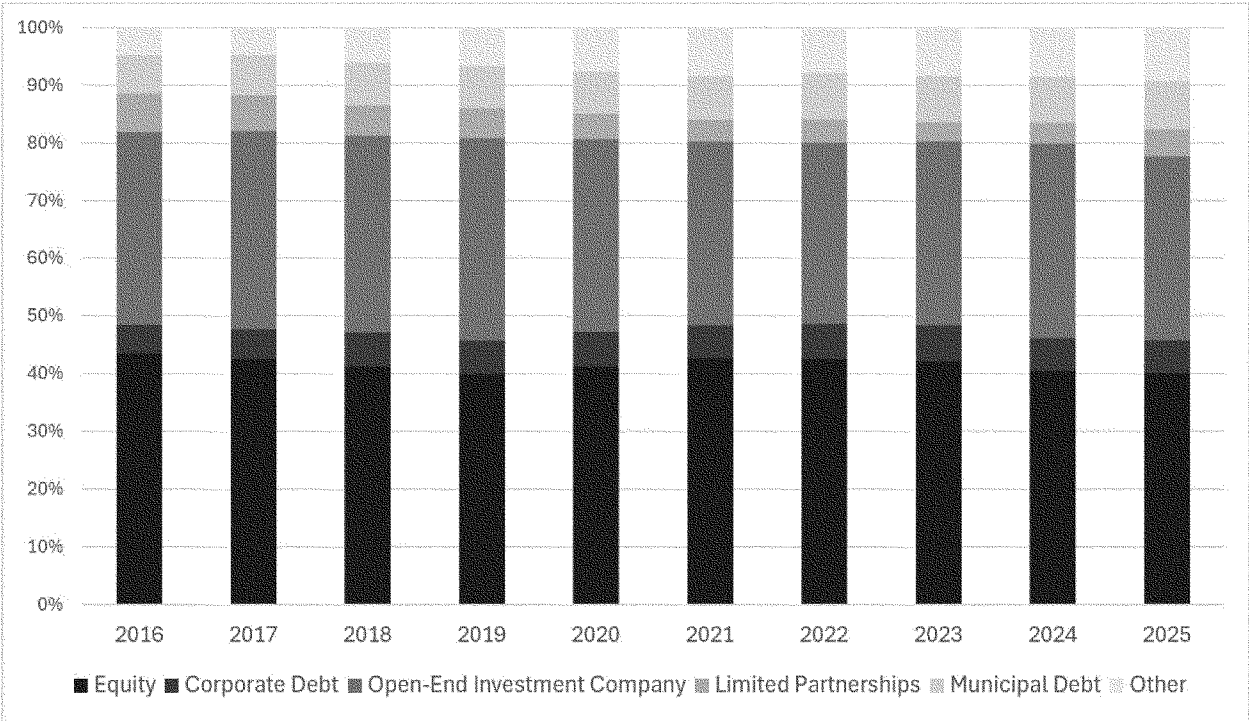
Of the 79 transfer agents that specialized in one type of securities, 37 specialized in corporate equity securities (49% of 79; 38% of 98 transfer agents servicing equity securities); 27 specialized in open-end investment company securities (34% of 79; 47% of 58 transfer agents servicing open-end investment company securities); four specialized in limited partnership securities (5% of 79; 12% of 33 transfer agents servicing limited partnership securities); two specialized in corporate debt securities (3% of 79; 4% of 49 transfer agents servicing corporate debt securities); one specialized in municipal debt securities (1% of 79; 4% of 25 transfer agents servicing municipal debt securities); and eight specialized in other securities (10% of 79; 16% of 49 transfer agents servicing other securities). Transfer agents specializing in one type of securities tend to focus on either corporate equity securities or open-end investment company securities—the same segments served by the greatest number of transfer agents overall—yet specialist firms do not constitute a majority of transfer agents servicing any tracked security type.

TABLE 9—SPECIALIZATION AMONG TRANSFER AGENTS

Types of securities issues	Number of transfer agents	Percent
1	79	48
2	44	27
3	24	15
4	12	7
5	5	3
6	0	0
	164	100

Figure 8 depicts growth trends in the different types of securityholder accounts serviced by transfer agents between 2016 and 2025. Over this period, the shares of accounts holding corporate equity securities and open-end investment company securities have fallen slightly, the share holding limited partnership securities has fallen substantially, while the shares of accounts holding corporate debt and municipal debt securities have increased substantially. The share of accounts holding other securities has nearly doubled in this period from 4.8% in 2016 to 9.3% in 2025. Despite the fluctuations noted above, corporate equity securities and open-end investment company securities together consistently made up approximately three-quarters of individual securityholder accounts each year.

Figure 8. Trends in the Structure of Transfer Agent Activity: Share of Individual Security Holder Accounts ¹



¹ This analysis is based on transfer agents' responses to Question 5(d) of Form TA-2 for the 2016–2025 reporting periods.

Table 10 provides descriptive statistics on the total number of individual securityholder accounts ("Individual Accounts"), the number of individual securityholder dividend reinvestment plan and/or direct purchase plan ("DRP/DPP") accounts, and the number of individual securityholder DRS accounts. Table 10 shows that over time, the number of Individual Accounts increased from 233 million in 2016 to 281 million in 2025. There has been an increase in the number of DRP/DPP accounts, which rose from 165 million in 2016 to 186 million in 2025, driven by large increases in 2024 and 2025 following a period of trending down. The number of DRS accounts decreased from 22 million in 2016 to 13 million in 2025.

TABLE 10—NUMBER OF SECURITYHOLDER ACCOUNTS FOR WHICH TRANSFER AGENTS PROVIDED DIVIDEND REINVESTMENT, DIRECT PARTICIPATION, AND DIRECT REGISTRATION SYSTEM SERVICES ¹

Year	Individual accounts (millions)	DRP/DPP (millions)	DRS (millions)
2016	233	165	22
2017	236	163	23
2018	227	152	21
2019	229	155	18
2020	228	151	15
2021	238	159	14
2022	256	158	14
2023	263	161	14
2024	270	172	14
2025	281	186	13

¹ This analysis is based on transfer agents' responses to Questions 5(a)–(c) of Form TA-2 for the 2016–2025 reporting periods. Individual Accounts is defined as the total number of individual securityholder accounts (in millions) including DRS accounts and accounts in, dividend reinvestment plans (DRPs) and/or direct purchase plans (DPPs). See Question 5(a) of Form TA-2. DRP/DPP is the total number of individual securityholder DRP and/or DPP accounts (in millions). See Question 5(b) of Form TA-2. DRS is the total number of individual securityholder DRS accounts (in millions). See Question 5(c) of Form TA-2.

6. Withdrawal From Registration

A transfer agent that wishes to withdraw from registration would file

Form TA-W with the Commission or their other ARA. Table 11 reports the number of transfer agents that filed Form TA-W with the Commission

between 2016 and 2025. The average number of transfer agents filing Form TA-W each year is 14.4, while the

median is 13.5. Over this period, a total of 144 transfer agents filed Form TA-W.

TABLE 11—NUMBER OF TRANSFER AGENTS FILING FORM TA-W WITH THE COMMISSION

Year	Number of Form TA-W filers
2016	13
2017	21
2018	13
2019	12
2020	14
2021	18
2022	17
2023	14
2024	11
2025	11
Total	144

An analysis of Form TA-W filings sheds light on the state and future plans

of transfer agents when they withdraw from registration. According to Table 12, of the 144 transfer agents that withdrew from registration between 2016 and 2025, 56 (39% of the total) indicated that they had a successor transfer agent for each issue of securities for which they performed transfer agent activities. Four transfer agents that withdrew from registration (3% of the total) indicated an intention to perform transfer agent activities in the near future. Five transfer agents that withdrew from registration (3% of the total) indicated that they were directly or indirectly involved in legal actions or proceedings or were aware of potential claims against them in connection with their performance of transfer agent activities. One transfer agent that withdrew from registration (1% of the total) reported the existence of unsatisfied judgments or liens against them arising out of their performance of transfer agent activities.

The stated reasons for withdrawing from registration are submitted in a free text field and are consequently sometimes ambiguous or incomplete. Based on available data, approximately 20 withdrawals (14% of the total) were due to mergers with or sales of all transfer agent client relationships to non-affiliated firms, of which 16 indicated a successor for all transfer agent clients. This estimate may overstate the number of transfer agent acquisitions; for example, some may have reflected the purchase of a firm that was an internal transfer agent. Additionally, an estimated 35 withdrawals (24% of the total) were of firms that never performed transfer agent activities, had erroneously filed a duplicate registration, or expressed an intention to re-register with a different ARA.

TABLE 12—STATE AND FUTURE PLANS OF TRANSFER AGENTS AT TIME OF TA-W FILING

	Number ¹	Percent ²
Future activity ³	4	3
Legal actions or proceedings ⁴	5	3
Judgments or liens ⁵	1	1
Successor transfer agent ⁶	56	39

¹ Number is the number of transfer agents filing Form TA-W between 2016 and 2025.

² Percent is Number as a percentage of the total number of transfer agents filing Form TA-W between 2016 and 2025.

³ This row reports the number of transfer agents that intend to perform in the near future a transfer agent function for any security registered under Section 12 of the Exchange Act or which would be required to be registered except for the exemption from registration provided by paragraph (g)(2)(B) or (g)(2)(G) of that section. See Question 7(a) of Form TA-W.

⁴ This row reports the number of transfer agents that are directly or indirectly involved in any legal actions or proceedings or are aware of any potential claims against them in connection with their performance of transfer agent activities for any security. See Question 8 of Form TA-W.

⁵ This row reports the number of transfer agents that indicate the existence of unsatisfied judgments or liens against them arising out of their performance of transfer agent activities for any security. See Question 9 of Form TA-W.

⁶ This row reports the number of transfer agents that indicate the existence of a successor transfer agent. See Question 10(a) of Form TA-W.

7. Issuers

Table 13 reports the annual number of unique registered issuers between 2016 and 2025.⁴¹⁶ In particular, the Commission estimates that there were 7,750 registered issuers of principally operating companies and business development companies in 2025. Additionally, the Commission estimates that there were 14,130 funds issued by registered investment companies, excluding business development companies, in December 2025.

TABLE 13—TOTAL NUMBER OF ISSUERS BETWEEN 2016 AND 2025

Year ¹	Number of 10-K/20-F/40-F issuers	Number of fund issuers
2016	8,173	.....
2017	7,859	.....
2018	7,712	.....
2019	7,624	13,761
2020	7,475	13,599
2021	7,958	13,749
2022	8,737	13,959
2023	8,351	14,088
2024	7,902	14,438
2025	7,750	14,130

¹ 10-K/20-F/40-F reports full-year numbers. Fund reflects the number of funds in December of each year.

This section complements the above analysis of Form TA-2 submissions with AA data, which covers 165 registered transfer agents with a most recent periodic filing date from January 2024 to January 2026, for issuers with most recent periodic filing dates during

the same period.⁴¹⁷ As shown in Panel A of Table 14, the median transfer agent provides services to five issuers. However, the transfer agent at the 90th percentile services 114 issuers and the transfer agent at the 99th percentile services 1,087 issuers. In addition, 46 transfer agents provide services to only 1 issuer each, while 20 transfer agents provide services to over 100 issuers each to a combined total of 8,250 issuers.

When considering issuer revenues and the complexity of issuer shareholder structure, the median transfer agent serves issuers with a median of 180 shareholders of record and \$71.4 million in revenue. Similar to the distribution in the number of issuers, the distribution of revenues and shareholders is concentrated in the right tail, with the 90th percentile of transfer agents serving issuers with a median of

⁴¹⁶ The annual number of unique issuers is the number of unique registrants (as identified by Central Index Keys) that filed Forms 10-K, 20-F, or 40-F in a given year and excludes most registered investment companies, which do not file these forms, but does include, for example, business development companies and face amount certificate companies. The number of fund issuers is the number of funds reported in the Annual Registered Investment Company Update data. See *supra* Section V.B.3.

⁴¹⁷ Where percentages are reported, they exclude transfer agents and issuers with missing data.

3,060 shareholders of record and \$1.1 billion in revenue, and the 99th percentile of transfer agents servicing issuers with a median of 56,539 shareholders of record and \$37.5 billion in revenue.

In addition, the industry for transfer agents is heavily segmented with respect to the types of issuers served by different transfer agents. While the median transfer agent serves no exchange listed issuers, the top decile of transfer agents overwhelmingly serves exchange listed firms (over 85% of their issuer business). The distribution of OTC firms served by transfer agents exhibits similar characteristics. There is also considerable segmentation among transfer agents in the provision of services to funds. While the median transfer agent does not provide services

to any investment company issuers, such firms account for all of the issuers served by transfer agents in the top quartile. In total, 89 of the 165 transfer agents in this data set do not serve a single investment company issuer, while 45 transfer agents serve investment company issuers exclusively. By contrast, many transfer agents serve at least some small issuers, though the percentage is highly sensitive to the definition of “small issuer” used. Panel B of Table 14 reports the fraction of small issuers served by transfer agents. Small issuers comprise 0% to 80% of the issuers served by the median transfer agent, depending on the definition of “small issuer” used. Between 18 and 96 transfer agents in the sample serve no small issuers, depending on the definition of “small

issuer” used. Regardless of the definition of “small issuer” used, more than 25% of transfer agents service primarily securities issued by small issuers.

Note that each of these analyses is independent of the others: for example, the firms serving the most issuers do not necessarily have the highest median number of shareholders or revenues, or the highest percentage of exchange-listed issues serviced. For example, the median percentage of exchange listed-issues among the top five transfer agents by issuers served is 82%, with a range of 67–87%, and the median percentage of small issuers served is 40%, 70%, or 44%, depending on the definition of “small issuer.”

TABLE 14—CHARACTERISTICS OF ISSUERS SERVICED BY TRANSFER AGENTS

Percentile	Issuers ¹	Shareholders ²	Revenue (\$000s) ³	US exchange ⁴ (%)	OTC ⁵ (%)	Investment company ⁶ (%)
Panel A. Issuer Counts, OTC Issuers, and Investment Company Issuers						
1	1	.....	5.4	0	0	0
10	1	13	63.7	0	0	0
25	1	90	7,429	0	0	0
50	5	180	71,422	0	0	0
75	29	1,077	445,990	33	25	100
90	114	3,060	1,099,628	85	82	100
99	1,087	56,539	37,491,200	100	100	100

¹ The number of issuers for which information about company name is available in AA.
² The median number of shareholders of record of a corresponding share class for the issuers that a given transfer agent serves.
³ The median most recent year revenue for the issuers that a given transfer agent serves. Where the issuer is a bank or a financial institution, revenue includes both interest and non-interest income. In addition, for banks and financial institutions total revenue data generally does not include write downs or losses of any kind.
⁴ Issuers are classified as listed on U.S. Exchange if company or shareholder market information includes NASDAQ, NYSE, Bats, or Amex.
⁵ Issuers are classified as OTC if they are not classified as listed on U.S. Exchange and company or shareholder market information includes OTC or Grey Market.
⁶ Based on information in the Investment Company Act variable (specifying '34 Act or '40 Act).

PANEL B—SMALL ISSUERS

Percentile	Small ¹ (%)	Small (Alt.) ² (%)	Small (Alt. 2) ³ (%)
Panel B. Small Issuer			
1	0	0	0
10	0	0	0
25	0	50	0
50	23	80	0
75	96	100	71
90	100	100	100
99	100	100	100

¹ Percentage of issuers that are non-accelerated filers or small reporting companies according to filings since 2024.
² Percentage of issuers that are non-accelerated filers, small reporting companies, or have most recent reported trailing twelve-month revenues below the emerging growth company threshold according to filings since 2024.
³ Percentage of issuers with filings since 2024 and most recent market capitalization under \$1 billion according to AA.

8. Database Searches and Account Remittances

Table 15 reports the percentage of Form TA–2 filers conducting database searches, the number of accounts

searched, the number of lost securityholder accounts for which a different address has been obtained as a

result of a database search,⁴¹⁸ and the discovery rate (i.e., ratio of the number of lost securityholder accounts for

⁴¹⁸ See Questions 11(a)(ii) and 11(a)(iii) of Form TA–2.

which a different address has been obtained as a result of a database search to the number of accounts searched) averaged across the 10 reporting periods between 2016 and 2025. On average, 80% of recordkeeping transfer agents⁴¹⁹ that filed Form TA-2 conducted database searches for approximately 3.2 million securityholder accounts and obtained a new address for approximately 2.2 million of these accounts. Recordkeeping transfer agents

obtained a new address for a lost securityholder account at an average rate of 68%. On average, 25% of the non-recordkeeping transfer agents that filed Form TA-2 conducted database searches for approximately 160,000 securityholder accounts and obtained a new address for approximately 93,000 of these accounts. Non-recordkeeping transfer agents obtained a new address for a lost securityholder account at an average rate of 58%. These results

suggest that recordkeeping transfer agents conducted more database searches than non-recordkeeping transfer agents and obtained a new address for a higher proportion of lost securityholder accounts searched. Among transfer agents, recordkeeping transfer agents are principally involved in complying with Rule 17ad-17's requirement to search for lost securityholders.

TABLE 15—DATABASE SEARCH BY TRANSFER AGENTS

	(1) Percentage of transfer agents conducting search	(2) Number of accounts searched	(3) Number of accounts for which different address was obtained	(4) Discovery rate = (3)/(2) (%)
Recordkeeping Transfer Agent	80	3,182,939	2,173,507	68
Non-recordkeeping Transfer Agent	25	159,815	92,621	58

Table 16 reports the number of lost securityholder accounts remitted to states each year from 2016 to 2025 by Form TA-2 filers. During this period, the number of accounts remitted gradually fell from 471,591 in 2016 to 417,270 in 2022, then dropped by more than half to 162,947 in 2023, before settling at 163,204 in 2025.⁴²⁰ The Commission has limited insight into database searches or accounts remitted to states by carrying broker-dealers, for example from responses to customer complaints received by the Office of Investor Education and Assistance and forwarded to broker-dealers; this information is neither systematic nor complete, and overall search or remittance numbers for carrying broker-dealers are unavailable. The Commission requests comment on this matter.

TABLE 16—LOST SECURITYHOLDER ACCOUNTS REMITTED TO STATES BY TRANSFER AGENTS

Year	Number of accounts remitted
2016	471,591
2017	462,622
2018	469,688
2019	504,455
2020	430,890
2021	471,400
2022	417,270
2023	162,947
2024	174,312

⁴¹⁹ As discussed in Section V.B.4.a, recordkeeping transfer agents are identified based on their responses to Questions 6(a) and 6(c) on Form TA-2.

TABLE 16—LOST SECURITYHOLDER ACCOUNTS REMITTED TO STATES BY TRANSFER AGENTS—Continued

Year	Number of accounts remitted
2025	163,204

9. Segregated Funds

The Commission's regulatory experience indicates that some transfer agents may maintain issuer, securityholder, and other customer funds in bank accounts separate from any other bank accounts of the transfer agents.⁴²¹ However, data regarding the prevalence of this practice is not available. The Commission requests commenters to provide feedback on the number of transfer agents that currently adopt this practice.

10. Basis for Removing Restrictive Legends

As discussed in Section IV.B, transfer agents are often the party responsible for affixing, tracking, and removing restrictive legends. The Commission's regulatory experience indicates that (i) some transfer agents rely on the advice of counsel in the form of an "attorney letter" or "opinion letter" as the basis for removing restrictive legends and (ii) such opinion letters can come from either the issuer's in-house counsel or outside counsel. However, data regarding the prevalence of opinion

letters as the basis for removing restrictive legends is not available, as is data on the extent to which opinion letters are provided by issuers' in-house counsel or outside counsel. The Commission requests commenters to provide feedback on these matters.

Notwithstanding the foregoing, transfer agents may choose to process a transaction in the absence of an opinion letter. Data regarding the usage of these non-opinion letter methods—to the extent they are used by transfer agents—is unavailable, as is data on the extent to which the use of each method involved transfer agents providing supporting documentation similar to or satisfying the requirements set forth in paragraph (d) of proposed Rule 17ad-31. The Commission requests commenters to provide feedback on these matters.

C. Benefits and Costs

This section discusses the benefits and costs associated with the proposed rules and amendments. The proposed amendments to Forms TA-1 and TA-2 are likely to increase the amount and usefulness of information available to market participants about transfer agents. To the degree that issuers currently face information asymmetries about transfer agent quality, incentives, and conflicts, enhanced disclosures—such as those regarding corporate organizational structure and outsourcing arrangements—may reduce adverse selection in the market for transfer agent services by improving issuers' ability to

⁴²⁰ The decline in 2023 was primarily due to the cessation of operations by the transfer agent which had for several years been by a considerable margin the largest remitter; it filed Form TA-W with the Commission that year.

⁴²¹ See Office of Compliance Inspections and Examinations Risk Alert (February 13, 2019), available at <https://www.sec.gov/newsroom/whats-new/transfer-agent-safeguarding-funds-securities>.

differentiate among transfer agents based on their capability prior to contracting. Separately, post-contractual conflicts of interest may be more directly addressed by other provisions of the proposal, including the compliance, safeguarding, and restrictive legend rules discussed below. Additionally, to the degree that the proposed amendments may reduce the costs of acquiring information about transfer agent quality, they may also increase market incentives for transfer agents to compete on quality.

The Commission is also proposing to amend certain definitions as well as processing, recordkeeping, record retention, prompt posting, and safeguarding requirements. These proposed amendments would update and streamline these definitions and requirements to address technological and market infrastructure changes, industry concerns, and lessons from the Commission's oversight and monitoring experience. The proposed amendments would also expand existing safeguarding requirements to address a wider range of risks, including through new provisions governing segregation of funds and business continuity planning. The proposed amendments would provide greater clarity to transfer agents regarding their regulatory obligations, promote prompt and accurate clearance and settlement of securities transactions, enhance the resilience of the national clearance and settlement system, strengthen investor protection, increase investor participation in securities markets, and facilitate capital raising.

The proposed amendments to Rule 17ad-3 would ensure that issuers receive the early warning needed to resolve serious performance issues affecting their underperforming transfer agents and provide stronger incentives for transfer agents to expeditiously resolve or avoid performance failures. These measures in turn would support prompt and accurate clearance and settlement and strengthen investor protection.

The proposed amendments to Rule 17ad-17 would create a new category of securityholders called an "inactive securityholder" (*i.e.*, a securityholder without observed account activity for 18 months); require inactive securityholders to be notified; update the definition of a lost securityholder to address methods of correspondence other than physical mail; and update the definition of an unresponsive payee to address electronic payments. The proposed amendments could help securityholders retain ownership of their investment property, avoid

incurring costs associated with premature remittance and liquidation of such property, and receive their entitled payments from issuers.

Besides amending existing rules, the Commission is proposing new rules addressing compliance and restrictive legends. These proposed rules would facilitate prompt and accurate clearance and settlement of securities transactions, strengthen investor protection, increase investor participation in securities markets and facilitate capital raising.

The Commission is also proposing to rescind Rule 17ad-4. The proposed rescission of Rule 17ad-4 may strengthen investor protection and promote the prompt and accurate settlement of securities transactions by extending turnaround, processing, and recordkeeping rules to transfer agents and transactions that were previously exempt from these rules.

The analysis below addresses the likely economic effects of the proposed and amended rules, including their anticipated and estimated benefits and costs and their likely effects on efficiency, competition, and capital formation. The Commission also discusses the potential economic effects of certain alternatives to the approaches proposed in this release.

1. Cost Passthrough and Incidence

Transfer agents would incur costs as a result of the proposed rules and amendments and form amendments. Transfer agents may pass on these costs to issuers in the form of higher fees or reduced willingness to offer services to certain types of issuers—for example, issuers from which transfer agents generate less revenue. This effect is particularly relevant given the holdup problem identified in Section V.A. Transfer agents may also pass costs directly to third parties, such as broker-dealers and securityholders, through increased fees. Given the high concentration documented in Section V.B.4. and the limited substitutability of transfer agents in certain market segments, the Commission expects that transfer agents may have significant ability to pass costs to issuers in concentrated segments, while competitive pressure in less concentrated segments may limit passthrough. To the extent that transfer agents pass on costs associated with the proposed amendments to their issuer clients and third parties, these entities may incur costs as well. Transfer agents' costs and compliance burdens could in some cases be passed along to issuers and third parties in the form of reduced

access to services rather than through increased prices.

The Commission does not have data or other information concerning sensitivities of issuers and third parties to fees, how transfer agents account for these sensitivities, or the extent to which transfer agents prefer to keep fees constant. Thus, any potential shift in the supply of transfer agent services and its impact on fees is unknown. The Commission requests commenters provide feedback on these matters.

2. Benefits and Costs of Policies and Procedures Approach in Rules 17ad-2, 12, and 30

This section discusses the potential benefits and costs associated with the proposed policies and procedures approach for Rules 17ad-2, 12, and 30 *i.e.*, framing these rules as principles-based rules.

A policies and procedures approach to Rules 17ad-2, 12, and 30 could benefit registered transfer agents by providing them with flexibility in how they effect turnaround, safeguard funds and securities, address cybersecurity and other risks associated with their activities, and comply with applicable laws and regulations. The flexibility stems from the proposed approach's requirement that registered transfer agents establish, maintain, and enforce written policies and procedures reasonably designed to ensure the performance of these activities. The policies and procedures approach would allow each transfer agent to determine the methodologies that work best to perform these activities in light of current technologies as well as future technological developments; operational and market developments; and the transfer agent's specific business model, services, risks, and other characteristics. The flexibility afforded by a policies and procedures approach may encourage transfer agents to deploy new technologies and practices that may reduce their costs, while improving their performance. To the extent that transfer agents realize cost savings and pass them on to issuers in the form of lower fees for performing transfer agent services, issuers also may benefit from the flexibility afforded by a policies and procedures approach.

In exchange for this additional flexibility, a principles-based rule may require transfer agents to consider the application of its provisions to particular situations to a far greater degree than under a prescriptive rule.⁴²²

⁴²² See Julia Black, *The Rise, Fall and Fate of Principles Based Regulation* (Working Paper Nov. 21, 2010), available at <https://ssrn.com/>

As a result of framing Rules 17ad–2, 12, and 30 as principles-based rules, transfer agents may devote greater efforts and incur greater costs to understand the application of these rules' provisions to particular situations, relative to the baseline.

The benefits and costs of Rules 17ad–2, 17ad–12, and 17ad–30 are discussed in more detail in Sections V.C.4.b, V.C.4.h, and V.C.5.a, respectively. The compliance costs of each of these rules are quantified in these respective sections.

3. Benefits and Costs of the Proposed Amendments to Registration and Annual Reporting Requirements

a. Proposed Amendments to Rule 17ac2–1

Under the proposal, Form TA–1 filings and amendments would be effective 45 days after filing, instead of the current 30 days.

A longer effective date may reduce the timeliness of transfer agent registrations and may delay new entrants into the transfer agent industry from providing such services to issuers by 15 days. However, as discussed in section II.A, the proposed amendment may provide the Commission with additional time to review the information contained in Form TA–1. Thus, the proposed amendment may enhance Commission oversight over the transfer agent industry. Moreover, the proposal would align the timeline of effectiveness of Form TA–1 filing and amendments with Section 17A(c)(2) of the Exchange Act.⁴²³

b. Proposed Amendments to Rule 17ac2–2

Under the proposal, filers would be required to file an amended Form TA–2 within 60 days of discovering any information reported that was materially inaccurate, misleading, or incomplete at the time of filing to correct that information. The proposed amendment would result in better accuracy in data collected and maintained by the Commission. This amendment would result in costs to transfer agents. Upon discovering that it had filed information that was inaccurate, misleading, or incomplete, a transfer agent would face a choice between (1) incurring costs to determine if the information was materially inaccurate, misleading, or incomplete in order to decide whether to file an amended Form TA–2 or (2) incurring any costs of producing and filing an amended Form TA–2

regardless of materiality. Further, transfer agents that have determined that the information was materially inaccurate, misleading, or incomplete would subsequently incur costs to produce and file an amended Form TA–2.

The compliance costs associated with the proposed amendments to Rule 17ac2–2 would impose annual costs of \$1,500⁴²⁴ per transfer agent.

c. Proposed Amendments to Form TA–1

The Commission is proposing to add a number of questions to Form TA–1 including, among other things, organizational details such as affiliates and the transfer agent's other registrations, as well as revision of instructions to promote clarity regarding the required information collected in existing questions.⁴²⁵

The Commission also proposes to remove two existing questions concerning registrants' engagement of and engagement as a service company. The questions being removed from Form TA–1 are duplicative of information that is included in Form TA–2.

Benefits

There are benefits to both the questions being added to Form TA–1, which would provide valuable information to market participants doing business with transfer agents and the Commission, and to the questions being removed, which may reduce the frequency of filing amendments and the costs of preparing those filings relative to retaining those questions.

Information about the geographic scope of the business, the officers and directors of the registrant, and the registrant's organizational structure and affiliations may help in identifying conflict of interest concerns; assessing governance, safeguarding, and operational risks; assessing the internal division of labor, specialization, and scope; and relating total firm resources

to the functions they support. This may contribute to improved transfer agent selection by issuers and increase competition among transfer agents. Identifying transfer agents' other registrations would better enable the Commission to cross-reference entities already registered with the Commission in other capacities and therefore improve its evaluation of applications and oversight of registered entities.

Furthermore, the structured data language in which transfer agents file Form TA–1 would enhance these benefits by making the additional disclosures more efficient to process and analyze. Form TA–1 is currently structured in a custom XML data language and would continue to be under the proposal.⁴²⁶ The custom XML requirement renders the disclosures machine-readable, benefiting users of the disclosures (such as issuers and regulators) by facilitating comparisons across transfer agents and filing periods. The requirement also allows transfer agents to complete a fillable web form that the EDGAR converts into a custom XML document rather than incur the cost of structuring their disclosures themselves.⁴²⁷

The removal of existing Questions 6 and 7 regarding service company arrangements from Form TA–1 may reduce certain costs related to preparing such amendments when required and may result in transfer agents needing to file amendments to Form TA–1 less frequently than if those Questions were retained, particularly if service company arrangements change more frequently than other information submitted on Form TA–1.

The proposed amendments to Form TA–1 instructions are expected to result in marginal benefits to registrants, the Commission, and potentially other stakeholders such as issuers. For example, amended instructions may help to reduce filing errors by specifying that the full legal name of the registering entity must be used and may ease Commission oversight by ensuring that registrants are aware that registration makes them subject to the SEC's examination authority, including for non-Section 12 issues. Amending the instructions to Question 8 could result in more consistent and complete responses by registrants, facilitating the Commission in its oversight and regulatory roles.

⁴²⁶ See *Form TA Technical Specification*, SEC, available at https://www.sec.gov/submit-filings/technical-specifications#form_ta.

⁴²⁷ See *EDGAR Filer Manual Vol. II* (Version 77, Mar. 2026) at Section 8.2.25, SEC, available at <https://www.sec.gov/submit-filings/edgar-filer-manual>.

abstract=1712862 (retrieved from SSRN Elsevier database).

⁴²³ See *supra* Section II.A.

⁴²⁴ The \$1,500 annual estimate is based on the following calculations: \$1,393.20 (lawyers at \$774 for 1.8 hours) + \$154.80 (costs for outside professionals of \$154.80) = \$1,500. Occupational rates are calculated as described in *infra* note 533. For additional details on estimates of burden hours and occupations involved, see *infra* Section VI. Throughout this economic analysis, we have estimated certain costs based on our analysis of the collection of information burdens of the proposed rules for purposes of the Paperwork Reduction Act of 1995 ("PRA"). As discussed in more detail in section V.I.E, our PRA estimates represent an average burden for all respondents, both large and small, and the burdens will likely vary among individual respondents based on a number of factors, including the size and complexity of their business.

⁴²⁵ See *supra* Section II.C.

Costs

The removal of existing Questions 6 and 7 may result in somewhat delayed visibility into new transfer agents' use of and employment as service providers, as that information would only be received with the filing of Form TA-2.

Additionally, because the service provider information in Form TA-2 is retrospective to the calendar year reporting period, changes in employment of or employment as a service provider would no longer be updated within 60 days of the change as required by existing Questions 6 and 7. However, the Commission does not anticipate that the proposed change in provision of service company arrangement information from Form TA-1 to Form TA-2 will materially impact the Commission's oversight of transfer agent operations with respect to service company arrangements. The other proposed amendments to Form TA-1 would result in costs to transfer agents primarily related to potential costs of needing to file amendments more frequently. This is because these proposed amendments increase the number of reportable items that could change and in turn increases the likelihood of an amendment to Form TA-1.

The proposed amendments to form instructions are expected to result in some costs to registrants. Many of the proposed amendments to instructions require no substantive work from the registrant, such as those amendments specifying that the contact person in Question 1(f) must be authorized to receive compliance correspondence, or actively facilitate the accurate filing of Form TA-1, such as stating the meanings of the abbreviations of "CCC" and "CIK." The amended instructions for Question 8, specifying who must be listed as a control person, may effectively require additional disclosure from some registrants and consequently additional costs to ascertain and report the information.

The proposed amendment may result in duplication of reporting across Forms TA-1 and TA-2, particularly for transfer agents that enter the industry close to the end of the reporting period for Form TA-2. The Commission further recognizes that because amendments to Form TA-1 must be filed within 60 calendar days of reported information becoming inaccurate, incomplete, or misleading, registrants may have to expend resources to determine on an ongoing basis if changes in internal organization, external affiliations, or registrations necessitate filing an amended Form TA-1, and incur costs to

potentially file amendments multiple times per year. We estimate this aspect of the proposed amendment may impose annual compliance costs per transfer agent of \$1,500.⁴²⁸

d. Proposed Amendments to Form TA-2

There are several benefits associated with the proposed additional disclosures in Form TA-2.⁴²⁹ These proposed disclosures may mitigate information asymmetries and conflicts of interest between transfer agents and less informed issuers and investors; allow issuers to make more informed decisions in the selection of transfer agent; and support Commission oversight over transfer agents.

Benefits

The proposed amendments would require additional disclosures. For example, the proposed amendments would require transfer agents to disclose information related to their number of employees, activities performed, issues serviced, and certain service providers engaged. Such disclosures are expected to improve the ability of issuers and/or the Commission to assess the scope and quality of services offered by transfer agents; operational, outsourcing, and safeguarding risks of each transfer agent; and resources to cover financial responsibilities or liabilities the transfer agent may assume through visibility into transfer agents' operating structure and business affiliates. Improving visibility into such factors for each transfer agent will also better enable comparison across transfer agents.

The proposal would also require transfer agents to provide detailed information about, for example, the number and type of securities serviced and various means of doing so. The proposed amendments would require transfer agents to disclose more granular information about their activities related to already specified types of securities and the same information for newly

identified classes of securities currently included within "other securities," for example, exchange-traded funds.

Transfer agents would also be required to disclose amounts paid in various cash and stock distributions and open end investment company security purchases and redemptions. The disclosure of additional information may facilitate oversight of transfer agents and enhance the ability of issuers to understand and compare the businesses of various transfer agents. Furthermore, as discussed in further detail in section V.C.3.c, the custom XML requirement for Form TA-2 will make the added disclosure more readily available for processing and analysis. However, to the degree that such information may be duplicative of information in Form TA-1, existing requirements to file Form TA-1 and update it may reduce the magnitude of the above benefits of the proposed disclosure of changes in the transfer agent's business.

The proposed form amendments would result in transfer agents no longer being required to report some information. To conform with proposed Rule 17ad-2, which replaces required monthly turnaround performance with a policies and procedures approach, Question 9 would be revised and transfer agents would no longer report the number of months not in compliance or the number of written notices of noncompliance filed to their ARA. Transfer agents would also no longer be required to report certain information related to the number and type of individual securityholder accounts. The removal of these disclosures may reduce the costs of tracking those metrics and preparing Form TA-2 filings.

The proposed amendments to Form TA-2 instructions are expected to result in minor benefits to registrants, the Commission, and potentially other stakeholders such as issuers. For example, the proposed clarification of how to count securityholder accounts in Question 4(b) may result in more accurate and consistent reporting, which would benefit the Commission in its oversight role and potentially other stakeholders by improving comparability between transfer agents' reported data.

Costs

The proposed disclosures in Form TA-2 would impose direct and indirect costs on transfer agents—costs that may be passed along to issuers and third parties (e.g., securityholders, broker-dealers, and other non-issuers) that purchase services from transfer agents. First, these disclosures may provide

⁴²⁸ The \$1,500 annual estimate is based on the following calculations: \$1,161 (lawyers at \$774 for 1.5 hours) + \$387 (costs for outside professionals of \$387) = \$1,500. Occupational rates are calculated as described in *infra* note 533. For additional details on estimates of burden hours and occupations involved, see *infra* Section VI. The burden and cost estimates for Form TA-1 in this release do not reflect a separate burden or cost of structuring disclosures in custom XML, because the forms are fillable web forms on EDGAR that convert disclosures to custom XML. While transfer agents have the option of creating and submitting a custom XML document rather than using the fillable form, the Commission expects any transfer agents that choose this option have sufficient XML experience and infrastructure such that the burden and cost of doing so is de minimis.

⁴²⁹ See *supra* Section II.D.

only noisy signals of transfer agent quality or conflicts of interest and therefore may provide issuers with only a limited ability to make more informed choices when selecting transfer agents. Moreover, these additional disclosure requirements may lead some transfer agents, particularly smaller and less transparent transfer agents, to exit the industry. A more detailed discussion of these effects on efficiency, competition, and capital formation is presented in Section V.D.

Second, transfer agents would incur direct compliance costs. Compliance with the proposed amendments to Form TA-2, including the amendments to instructions (principally the calculation of the number of securityholder accounts in Question 4(b)), would impose annual costs of \$3,900⁴³⁰ per transfer agent. These compliance costs and other costs, that are less amenable to quantification and discussed below, may be passed on to issuers and third parties.

4. Benefits and Costs of Proposed Amendments to Definitions, Processing, Recordkeeping, and Safeguarding Rules

a. Amendments to Rules 17ad-1 and 17ad-9 and New Definitions to Rule 17ad-9

Proposed amendments to Rules 17ad-1 and 17ad-9 would amend and create definitions used in transfer agent rules and extend the applicability of definitions in Rule 17ad-1 to additional rules.⁴³¹ The existing definitions generally reflect the transfer agent market as it was several decades ago when the transfer agent rules were originally adopted and when most settlement involved the cancellation and reissuance of security certificates. The intervening years have brought substantial change to the processing of security transactions, with most certificated securities being held in centralized depositories in street name and substantial activity taking place purely in book entry form.

⁴³⁰ The \$3,900 annual estimate is based on the following calculations: \$3,483 (lawyers at \$774 for 4.5 hours) + \$387 (costs for outside professionals of \$387) = \$3,900. Occupational rates are calculated as described in *infra* note 533. For additional details on estimates of burden hours and occupations involved, see *infra* Section VI. The burden and cost estimates for Form TA-2 in this release do not reflect a separate burden or cost of structuring disclosures in custom XML, because the forms are fillable web forms on EDGAR that convert disclosures to custom XML. While transfer agents have the option of creating and submitting a custom XML document rather than using the fillable form, the Commission expects any transfer agents that choose this option have sufficient XML experience and infrastructure such that the burden and cost of doing so is de minimis.

⁴³¹ See *supra* Sections III.A and III.B.

Communications, recordkeeping, and other categories of technology employed in the performance of transfer agent activities have likewise developed substantially. The proposed amendments in large part modernize definitions to reflect the state of the transfer agent market and technology currently in use, as well as to provide improved flexibility in definitions to allow for further developments and innovation.

Rule 17ad-1 definitions currently apply to Rules 17ad-2 through 17ad-7. They are proposed to be extended to apply to Rules 17ad-9, 17ad-10, and 17ad-12 and proposed Rules 17ad-30, and 17ad-31. Their applicability to Rule 17ad-4 is proposed to be rescinded in conjunction with its proposed rescission. Rule 17ad-9 definitions currently apply to Rules 17ad-10 through 17ad-13 and are not proposed to be extended to further rules.

Benefits

The proposed amendments to the definitions in Rules 17ad-1 and 17ad-9 would provide a number of benefits due to their applicability to existing or proposed rules, or rules with proposed amendments to rule text. The proposed amendments would provide clarity to transfer agents in their operations. The amended definitions would contribute to this by specifying how the tasks which make up most transfer agent activities, the objects that those tasks operate on, and the records which evidence them fall within and work in the transfer agent rules. Notably, this includes specifying that certain rules apply to, for example, securities, positions, or instructions in general, not only to certificates, and to instructions submitted to an electronic system controlled, operated, or enabled by the transfer agent. The proposed amendments would eliminate outdated definitions, which do not reflect present business practices and technology, resulting in more clarity and potentially fewer burdens associated with overcompliance: to the extent that outdated definitions currently cause transfer agents to apply rules more broadly than intended, updated definitions may reduce unnecessary compliance costs. However, the Commission lacks data to estimate the magnitude of this effect. Greater flexibility in the definitions of terms, such those concerning security or securityholder identifying information, would help the rules remain relevant as markets continue to develop and adjust to technological and other innovations. Such flexibility in definitions could also provide transfer agents and service

providers flexibility in how to comply with rules' requirements. Issuers may also benefit from clearer knowledge of what information transfer agents would collect and maintain as a result of the proposed amendments, which could enable them to better negotiate agreements with transfer agents.

The proposed new definitions in Rule 17ad-9—authorized securities, transfer journal, and presenter—are used extensively in both existing and proposed amended rules. Defining these terms will benefit market participants by providing regulatory clarity regarding the rules that reference these terms.

The proposed amendments to Rules 17ad-1 and 17ad-9 would change the composition and handling of certain types of records transfer agents are required, or would be required, to keep, including the master securityholder file and control book. Expanding the definition of record difference may result in more timely discovery and resolution of errors by requiring continuous monitoring and correction, rather than limiting the definition of a record difference only to instances where position detail of a security transferred or redeemed does not match the master securityholder file. Similarly, by providing in the proposed amended definition of recordkeeping transfer agent that only a single transfer agent maintains and updates the master securityholder file of a security issue,⁴³² the proposal may reduce the potential for transactions not being posted to the master securityholder file. Specifying that transfer agents have discretion in the technologies and systems used to maintain master securityholder files could contribute to transfer agents using the most efficient available technology, thereby promoting prompt and efficient clearance and settlement. Requiring the tracking of outstanding securities in the control book in addition to the currently required securities authorized and securities issued may likewise better enable transfer agents to monitor for overissuance, particularly by firms that are active in the market for their own securities such as through the accumulation of treasury stock.

The proposed amendments to the definition of position detail increase the amount of information taken in, not only by adding an alternative applicable unique identifier to the certificate number if one exists, but also by adding any other information about securityholders and securities sufficient to accurately identify a specific securityholder to the exclusion of other securityholders; effectively deliver

⁴³² See proposed Rule 17ad-9(h).

dividends and other payments, legal notices, and other necessary communications; and reasonably enable transfer agent recordkeeping, operations, or the efficient and effective research of record differences. This could improve clearance and settlement by ensuring transfer agents' ability to communicate with securityholders in real time using contemporary methods to help reduce settlement failures and timely resolve processing discrepancies. This could also improve transfer agents' functioning as gatekeepers with respect to financial transactions and transfers. For example, the proposed amendments would require sufficient information for lost securityholder searches under Rule 17ad-17 and contribute to an improved success rate for finding lost securityholders when performing searches.

Costs

Transfer agents would incur costs as a result of the proposed amendments to definitions in Rules 17ad-1 and 17ad-9 due to their applicability to existing or proposed rules, or rules with proposed amendments to rule text. While some general costs related to proposed amendments to definitions are discussed in this section, costs associated with the proposed amended definitions as they pertain to proposed rules and amendments in this release are mainly considered as part of the costs of these proposed rules and amendments, as discussed further in this section and Section V.C.5. Generally, costs related to proposed amendment definitions will primarily be associated with complying with the major turnaround, posting, recordkeeping, and record retention rules. Costs deriving from proposed amendments to definitions as apply to rules without proposed amendments to rule text are discussed more explicitly in this section.

The proposed amendments to the Rule 17ad-1 definition of receipt would contribute to a requirement for faster turnaround time, expanding the scope of instructions which are subject to turnaround rules with downstream effects to posting, recordkeeping, and record retention rules. As discussed in the proposed amendment to Rule 17ad-2 below, which the definition chiefly affects, requirements for more rapid processing may contribute to increased costs for some transfer agents, but the Commission understands that most turnaround is already accomplished on the timelines required under the new definition and amended Rule 17ad-2.

Proposed amendments to Rule 17ad-9 definitions, notably presenter,

position detail, credit, and debit, would have the effect of requiring additional information to be collected, tracked, and stored, and potentially of requiring additional investigation and processing, including due to the specification that non-certificated actions are encompassed in the rules. Requiring more information in position detail could entail one-time costs associated with directly updating forms and systems to gather the new information. Because the requisite information is not specified but instead based on the principle that it be sufficient to effectively comply with applicable laws and regulations, transfer agents may incur up-front and ongoing costs to determine what information is necessary to adequately comply. The proposed amendments to the definition of record difference may result in more frequent investigations of record differences, as they would include a continuously existing state of discrepancy between the master securityholder file and the transfer journal, which could result in additional ongoing costs. The addition of outstanding securities to the control book is expected to impose costs for transfer agents, but these are expected to be relatively minor as the measure is the arithmetic difference of securities issued, which is already tracked in the control book, and treasury stock, which may already be designated within an issue's master securityholder file.

The proposed amendment to the definition of master securityholder file may result in costs to transfer agents insofar as they do not already maintain the master securityholder file in electronic form. Most transfer agents currently maintain master securityholder files in electronic form and thus any such costs would be minimal. However, those transfer agents which do maintain master securityholder files in paper form would face costs to transfer them to electronic form, including costs to migrate data, to develop systems for updating the new electronic master securityholder files, and to train employees in new processes. These changes could impose significant one-time costs, with ongoing costs of updating the master securityholder file being more limited. The Commission lacks data on the number of transfer agents currently maintaining paper-based master securityholder files and the associated migration costs. These changes may be particularly burdensome for smaller transfer agents servicing fewer issues for many years. Such transfer agents are more likely to have begun master

securityholder files in paper format and may be less able to spread out the fixed costs of changing over to electronic master securityholder files over multiple issues.

The proposed amendment to the definition of recordkeeping transfer agent clarifies that only one transfer agent may maintain and update the master securityholder file for a security issue. Transfer agents which maintain master securityholder files along with other transfer agents for the same security issue may face one-time costs to adjust contracts and operations, but the Commission expects any ongoing costs related to consolidation of master securityholder files under a single recordkeeping transfer agent to be minimal. The Commission lacks data on the number of transfer agents which maintain master securityholder files jointly with another transfer agent.

Additionally, there could be additional costs attributed to rules with rule text that is not proposed to be amended.

The Rule 17ad-1 definitions currently and under proposed amendments apply primarily to proposed rules or to rules with proposed amendments to rule text. The exceptions are Rules 17ad-5 and 17ad-8. No Rule 17ad-1 definitions proposed to be amended apply to Rule 17ad-8. The revised definition of "receipt" is not anticipated to result in material costs to comply with Rule 17ad-5 as, among other reasons, the extended time during which receipt may occur on the business day corresponding to the calendar day of receipt is matched by extended time of the last business day on which a response may be made. The revised definition of "item" is not expected to result in material costs to comply with Rule 17ad-5 independent of related costs to comply with the amended turnaround, recordkeeping, and record retention rules.

The proposed Rule 17ad-9 definition amendments apply primarily to the proposed rules and rules with proposed amendments to rule text, with the exceptions of Rules 17ad-11 and 17ad-13. The Commission does not expect the proposed amended definitions to result in significant costs related to 17ad-13 because the required independent report concerns transfer agents' systems of accounting control, procedures for the transfer of record ownership, and safeguarding of securities and funds, which already encompass the activities contemplated by the amended definitions if not their exact form. The proposed expansion of the definition of record difference and the resulting possibility of finding record differences

stemming from discrepancies between the transaction journal and master securityholder file could increase the number of aged record differences.⁴³³ This in turn could increase the number of reports related to aged record differences and the associated costs. Specifically, Rule 17ad-11 requires transfer agents to submit reports to issuers and to their ARA following each calendar month or quarter, respectively, when aged record differences exceed specified thresholds. The cost of incremental reports issued is expected to be \$84 per filing.⁴³⁴ The Commission receives an average of one report per year, but does not have information regarding reports received by other ARAs and cannot readily quantify the extent of new record differences that transfer agents may discover as a result of the amended definition or whether those record differences would be unresolved after 30 days at a different rate than existing record differences. The Commission requests comment on these matters.

b. Amendments to Rule 17ad-2

The Commission is proposing amendments to Rules 17ad-2(a)–(e) and (h). The proposed amendments to Rules 17ad-2(a) and 17ad-2(b) would (1) raise the performance standard for the turnaround and processing of routine items from at least 90 percent of all routine items to all routine items; (2) amend the time frame for accomplishing turnaround of routine items from the existing three business days to one business day or the time period specified by Rule 15c6-1(a) under the Exchange Act; and (3) impose a written policies and procedure requirement for the turnaround and processing of routine items. The proposed amendments to Rules 17ad-2(c) and 17ad-2(d) would require registered transfer agents to provide the required notifications when they fail to turnaround or process more than three percent of routine items within the time frames specified in proposed Rule 17ad-2(a) and Rule 17ad-2(b), respectively. The proposed amendments to Rule 17ad-2(e) would add a written notification requirement for rejected items and make conforming changes due to the proposed changes to Rule

17ad-2(a) and 17ad-2(b). The proposed amendments to Rule 17ad-2(h) would, among other things, replace the existing filing instructions for each ARA in the rule with email addresses for each ARA to modernize and simplify the filing instructions.

In light of the proposed rescission of Rule 17ad-4, the Commission is proposing to delete (1) the turnaround provision in Rule 17ad-2(e)(2) that applies to transfer agents that are exempt pursuant to Rule 17ad-4(b) and (2) the existing reference to 17ad-4 in Rule 17ad-2(h). Section V.C.4.d discusses the benefits and costs associated with the proposed rescission of Rule 17ad-4. The proposed amendments to Rule 17ad-2(h) would, among other things, reference Rules 17ad-7, 17ad-11, and 17ad-13. The proposed insertion of Rules 17ad-11 and 17ad-13 in Rule 17ad-2(h) is unlikely to result in incremental benefits or costs because it simply mirrors the reference to Rule 17ad-2(h) in Rules 17ad-11(c) and 17ad-13(a). The benefits and costs associated with the proposed amendments to Rule 17ad-7 are discussed in Section V.C.4.f. This section discusses the benefits and costs associated with the proposed amendments to Rule 17ad-2 other than the proposed deletions in connection with the proposed rescission of Rule 17ad-4 and the proposed insertion of Rules 17ad-11 and 17ad-13 in Rule 17ad-2(h).

Benefits

The proposed amendments to Rule 17ad-2 would benefit investors by facilitating prompt and accurate clearance and settlement of securities transactions and strengthening investor protection. Transfer agents would benefit from a less burdensome and costly filing obligation as a result of the proposed electronic filing requirement in Rule 17ad-2(h).

The proposed amendments to Rule 17ad-2(a) would facilitate prompt and accurate clearance and settlement by requiring a larger percentage of routine items to be turned around over a shorter time frame relative to the baseline.⁴³⁵ The proposed amendments to Rule 17ad-2(b) would also facilitate prompt and accurate clearance and settlement by requiring all applicable items to be

processed within the specified timeframes compared to the existing standard of at least 90 percent of all routine items. That said, the beneficial impact on clearance and settlement may be limited. As discussed in Section III.D, the Commission understands that the vast majority of transfer agents regularly turn around and process nearly 100 percent of all applicable items within one business day or less, even for certificated securities, or are readily capable of doing so. Further, the standard securities settlement cycle for most broker-dealer securities transactions is currently one day following the trade date, or T+1.⁴³⁶ The proposed policies and procedures approach could promote the prompt and accurate clearance and settlement of securities transactions by providing transfer agents the flexibility to deploy new technologies and practices that may reduce their costs, while improving their turnaround performance.⁴³⁷ Additionally, should Rule 15c6-1(a) be revised in the future to specify a shorter settlement cycle, Rule 17ad-2(a) as amended would help ensure that transfer agents effect the turnaround of routine items to align with and support any shorter settlement cycle. In the absence of the proposed amendment, transfer agents may not turn around routine items expeditiously to keep up with any such shorter settlement cycle, which could delay the clearance and settlement of securities transactions. Thus, Rule 17ad-2(a) as amended would facilitate prompt and accurate clearance and settlement of securities transactions by ensuring that the turnaround of routine items would continue to keep up with the settlement cycle, even if it changes in the future. The proposed amendment would benefit investors by reducing the risk that their transactions cannot be cleared and settled accurately and promptly because of a turnaround delay.

If a transfer agent fails to meet the turnaround or processing performance standard, the clearance and settlement of securities transactions is delayed, which exposes investors to market risk and potential losses. Existing Rules 17ad-2(c) and 17ad-2(d) are intended to provide the Commission and other ARAs early warning about turnaround and processing failures, which could be symptomatic of a serious performance issue affecting the transfer agent. However, as discussed in Section III.D, few transfer agents fail to turnaround or process in a timely manner 90 percent of applicable items received each

⁴³³ An aged record difference is a record difference that has existed for more than thirty calendar days. See Rule 17ad-11(a)(2).

⁴³⁴ See 2025 Support Statement for Rule 17ad-11, 90 FR 10983 (February 28, 2025) (“2025 Support Statement for Rule 17ad-11”). The \$84 estimate is based on the following calculation: \$83.50 (internal bookkeeping, accounting, and auditing clerks at \$167 for 0.5 hours) and no external costs, \$83.50 + \$0 = \$84.

⁴³⁵ Specifically, the rule as amended would require a transfer agent to turnaround all routine items received for transfer during a month within the shorter of one business day or the time period specified by Rule 15c6-1(a) under the Exchange Act. In contrast, existing Rule 17ad-2(a) requires a transfer agent to turnaround at least 90% of all routine items received during a month within three business days.

⁴³⁶ 17 CFR 240.15c6-1(a).

⁴³⁷ See *supra* Section V.C.2.

month, rendering the existing rules ineffective in providing early warning of potential performance issues. Further, significant increases in the volume of items processed by modern transfer agents raise the costs of performance failures—such as increased market risk to investors—stemming from serious performance issues and underscore the need for effective early warning of such issues. The proposed amendments to Rules 17ad–2(c) and 17ad–2(d) would ensure the Commission and other ARAs receive the early warning the rule is designed to provide, but only in situations where the turnaround or processing failure potentially indicates a serious performance issue. Enhanced supervisory oversight by the Commission and other ARAs in such instances could help ensure speedy resolution of serious performance issues thereby supporting prompt and accurate clearance and settlement and protecting investors.

The notification requirement of proposed Rule 17ad–2(e)(2) could enhance investor protection and promote the accurate clearance and settlement of securities transactions by ensuring that turnaround can be accomplished as quickly and efficiently as possible. Absent the proposed notification requirement, an investor (more generally, a presenter) may not be able to quickly cure defects (e.g., missing or incomplete information) that prevent the turnaround of an item, because the transfer agent did not provide notice of those defects. This in turn could delay the settlement of the transaction associated with the item and expose the investor to market risk associated with the delayed settlement of the transaction. By requiring the transfer agent to notify the investor of such defects and the necessary remedial actions, the proposed notification requirement could expedite the curing of defects, facilitate the prompt and accurate clearance and settlement of securities transactions, and in turn shorten the period during which the investor would be exposed to market risk associated with delayed settlement.

The proposed electronic filing requirement in Rule 17ad–2(h) would remove transfer agents' burden of preparing and submitting the required information in paper and submitting multiple copies to different ARA office locations, depending on the ARA. To the extent that the current paper-based filing requirement is costlier than electronic filing, the proposed amendment may reduce transfer agents' costs of fulfilling their filing obligations and increase their efficiency. The proposed requirement may also

facilitate Commission oversight of the filings by streamlining the process of tracking, reviewing, storing, and retrieving the email submissions made by transfer agents. More effective Commission oversight would strengthen investor protection and facilitate the prompt and accurate clearance and settlement of securities transactions.

Costs

The proposed amendments to Rule 17ad–2 would impose costs on transfer agents. To comply with the proposed amendments to Rules 17ad–2(a) and 17ad–2(b), transfer agents would incur costs to establish, maintain, and enforce written policies and procedures reasonably designed to ensure turnaround and processing of all applicable items received within the timeframes specified in these amended rules.⁴³⁸ To the extent that transfer agents have existing written policies and procedures, they may choose to modify these existing written policies and procedures to comply with the proposed amendments—as opposed to creating these written policies and procedures *de novo*—which could reduce the costs associated with the proposed amendments.

As discussed in Section III.D, the Commission understands that the vast majority of transfer agents regularly turn around and process nearly 100 percent of all applicable items within one business day or less, even for certificated securities, or are readily capable of doing so. Accordingly, transfer agents would incur very limited, if any, costs to comply with the proposed amendments to Rules 17ad–2(a) and 17ad–2(b), with the possible exception of small transfer agents. With respect to small transfer agents that would be required to comply with amended Rules 17ad–2(a) and 17ad–2(b) as a result of the proposed rescission of Rule 17ad–4(b),⁴³⁹ the Commission understands that even the smallest transfer agents today have access to automated processes and electronic recordkeeping systems. Further, the securities markets and the national clearance and settlement system in which transfer agents operate have become more automated, efficient, and interconnected, which has increased the ability of *all* transfer agents, regardless of size, to meet the minimum performance standards set forth in amended Rules 17ad–2(a) and 17ad–

2(b), among other things.⁴⁴⁰ These factors may mitigate in particular small transfer agents' costs of complying with these rules. A subset of transfer agents, potentially including small transfer agents, may incur costs to acquire the operational capability to turnaround and process all routine items received within the timeframes specified in these amended rules. The Commission requests commenters provide feedback on the number of transfer agents that may incur such costs and the magnitude of such costs.

To comply with the proposed amendments to Rules 17ad–2(c) and 17ad–2(d), transfer agents may incur costs to build a system that monitors when their performance triggers the proposed three percent notification threshold for turnaround and processing, respectively. Transfer agents likely have such systems in place to comply with existing Rules 17ad–2(c) and 17ad–2(d) and would choose to update their systems to incorporate the proposed notification thresholds rather than build *de novo* monitoring systems. For these transfer agents, the costs of updating their systems likely would be minimal. Transfer agents that would be newly subject to amended Rules 17ad–2(c) and 17ad–2(d) because of the proposed rescission of Rule 17ad–4 likely do not have such monitoring systems and may incur costs to build them. The Commission requests commenters provide feedback on the number of transfer agents that may incur such costs and the magnitude of such costs.

The proposed amendments to Rules 17ad–2(c) and 17ad–2(d) could increase the number of notices filed by transfer agents to the extent that the amended notification thresholds are crossed more often than the existing thresholds. Transfer agents would incur compliance costs associated with preparing and filing these additional notices. These compliance costs would fall primarily on transfer agents lacking the operational capability to avoid triggering the notification requirements such as smaller, less well-resourced transfer agents. The Commission requests commenters provide feedback on the change in the number of notice filings and the associated costs, as well as the type and number of likely filers.

To comply with proposed Rule 17ad–2(e)(2), transfer agents may choose to update their internal policies and procedures to ensure that they provide written notifications about rejected items to the relevant presentors within the time specified by the proposed rule.

⁴³⁸ See Rules 17ad–2(a) and 17ad–2(b).

⁴³⁹ Rule 17ad–4(b), in part, exempts small transfer agents from Rules 17ad–2(a) and 17ad–2(b). See Rule 17ad–4(b), 17 CFR 240.17Ad–4(b).

⁴⁴⁰ See *supra* Section III.F.

Because the proposed rule does not specify a method of providing written notifications and in light of the widespread availability of near-instantaneous electronic communications in the transfer agent industry,⁴⁴¹ transfer agents will likely use their existing methods of communicating with presentors (such as email communications) to provide the written notifications within the time specified in the proposed rule and not incur costs to establish any new communication methods. As discussed in Section III.D, the proposed rule would require transfer agents to provide the written notification only for items rejected by the transfer agent. This means that, if the transfer agent is not responsible for the rejection, then the transfer agent would not be required to provide a written notification to the presenter and incur any associated costs.

Transfer agents would incur very little, if any incremental costs to comply with the proposed electronic filing requirement in Rule 17ad-2(h). Given the widespread availability of near-instantaneous electronic communications in the transfer agent industry,⁴⁴² transfer agents likely already possess the operational capability to comply with the proposed requirement. To the extent that the current paper-based filing requirement is costlier than electronic filing, the proposed amendment may reduce transfer agents' costs of fulfilling their filing obligations.

The compliance costs related to the proposed amendments would impose initial costs of \$34,000 and annual costs of \$8,500 per transfer agent.⁴⁴³

c. Amendments to Rule 17ad-3

The Commission is proposing to amend Rule 17ad-3 in light of the proposed amendments to Rule 17ad-2(c) and (d). The Commission is proposing to amend the threshold in Rule 17ad-3(b) from 75 percent to 95 percent so that any registered transfer agent that fails, for each of two consecutive months, to turn around at least 95 percent of routine items within the time specified in Rule 17ad-2(a) or

to process at least 95 percent of all applicable items within the time specified in Rule 17ad-2(b) would be subject to the limitations on expansion in Rule 17ad-3(a) and required to notify the chief executive officer of each issuer for which the transfer agent acts.

The proposed amendments to Rule 17ad-2(c) and (d) also alter the operation of Rule 17ad-3(a). Specifically, any transfer agent that fails to timely turnaround or process more than three percent of all routine items received during a month for three consecutive months is prohibited from taking on new issues or providing new services for existing issues. In contrast, under existing Rule 17ad-2(c) and (d), the limitations on expansion would apply if the transfer agent fails to timely turnaround or process at least 90 percent of all routine items received during a month for three consecutive months.

Benefits

As discussed in Section V.C.4.b, if a transfer agent fails to meet the turnaround or processing performance standard, the clearance and settlement of securities transactions is delayed, which exposes investors to market risk and potential losses. Rule 17ad-3 along with existing Rules 17ad-2(c) and 17ad-2(d) are intended to provide issuers, the Commission and other ARAs early warning about turnaround and processing failures, which could be symptomatic of a serious performance issue affecting the transfer agent. However, as discussed in Section III.E, the vast majority of transfer agents regularly turnaround and process nearly 100 percent of all routine items within one business day or less, or are readily capable of doing so, and modern transfer agents process significantly more items per month than did transfer agents in 1977 when Rules 17ad-2 and 17ad-3 were adopted. These changes render Rule 17ad-3 ineffective in providing early warning of potential performance issues and raise the costs of performance failures—such as increased market risk to investors—stemming from serious performance issues and underscore the need for effective early warning of such issues. If a transfer agent's issuer clients do not receive effective early warning of potential performance issues, they are unable to expedite the resolution of such issues with the transfer agent. Further, early warning that is rarely triggered renders largely inert Rule 17ad-3's limitations on expansion provisions and the associated prospect of lost revenue and damaged reputation experienced by an underperforming

transfer agent. This weakens the transfer agent's incentives to expeditiously address performance failures and also weakens the incentives of all transfer agents to deploy sufficient resources (e.g., enhanced operational controls, upgraded systems, or increased staffing) to avoid performance failures.

The proposed amendment to Rule 17ad-3(b) would ensure transfer agents' issuer clients receive the early warning about significant operational failures the rule is designed to provide, but only in situations where the turnaround or processing failure potentially indicates a serious performance issue. This would enable issuer clients to use their contractual relationships with underperforming transfer agents to help ensure speedy resolution of serious performance issues, return them to compliance with the performance standards thereby supporting the prompt and accurate clearance and settlement and protecting investors.

As a result of the proposed amendments to the turnaround failure thresholds in Rule 17ad-2(c) or (d), the limitations on expansion provisions of Rule 17ad-3 would trigger more frequently—all things being equal—and thus provide stronger incentives for underperforming transfer agents to expeditiously address performance failures and for all transfer agents to deploy sufficient resources to avoid performance failures. This in turn would support the prompt and accurate clearance and settlement and strengthen investor protection.

Costs

To the extent that the limitation on expansion provisions are triggered more often relative to the baseline, affected transfer agents would lose revenue as a result of the limitation. They may also suffer damage to their reputation if current and prospective clients interpret the limitation as an indication of inferior ability to perform transfer agent activities. This in turn could result in a further loss of business and revenue. These costs would fall primarily on transfer agents lacking the operational capability to avoid triggering the limitations on expansion provisions such as smaller, less well-resourced, transfer agents. The Commission requests that commenters provide feedback on whether the limitations on expansion provisions would trigger more, less, or remain unchanged in light of the proposed amendments to Rule 17ad-2(c) and (d) and the proposed amendment to Rule 17ad-3(b). Commenters are also requested to provide feedback on the type and

⁴⁴¹ See *supra* Section III.I.2.

⁴⁴² See *supra* Section III.I.2.

⁴⁴³ The \$34,000 initial estimate is based on the following calculations: \$25,542 (lawyers at \$774 for 33 hours) + \$8,514 (costs for outside professionals of \$8,514) = \$34,000. The \$8,500 annual estimate is based on the following calculations: \$6,385.50 (lawyers at \$774 for 8.25 hours) + \$2,128.50 (costs for external services of \$2,128.50) = \$8,500. Occupational rates are calculated as described in *infra* note 533. For additional details on estimates of burden hours and occupations involved, see *infra* Section VI.

number of transfer agents likely to be affected.

To the extent that the notification requirement of the rule is triggered more often as a result of the proposed 95 percent threshold, affected transfer agents would incur compliance costs to notify the chief executive officers of their issuer clients. These compliance costs would fall primarily on transfer agents lacking the operational capability to avoid triggering the notification requirements such as smaller, less well-resourced transfer agents. The notification requirement would impose annual costs of \$670 per transfer agent.⁴⁴⁴ These costs would be mitigated because the rule requires the transfer agents to send copies of the written notices filed pursuant to Rule 17ad-2(c) or (d), as applicable, rather than prepare different notices.

Transfer agents that anticipate triggering the limitations on expansion provisions given the current state of their operational capability may choose to deploy sufficient resources (*e.g.*, enhanced operational controls, upgraded systems, or increased staffing) to avoid performance failures and incur costs as a result. Transfer agents that are likely to respond in this way are those for which the costs associated with deploying sufficient resources are less than the costs associated with the limitations on expansion, *i.e.*, lost revenue and damaged reputation. Specifically, larger and fast growing transfer agents may be more inclined to deploy sufficient resources to prevent performance failures. Larger transfer agents typically possess the necessary capacity, while for fast-growing transfer agents, restrictions on expansion tend to impose relatively higher costs.

d. Rescission of Rule 17ad-4

Rule 17ad-4 provides limited exemptions from certain transfer agent rules. Specifically, Rule 17ad-4(a) provides an exemption for transfer agents that process interests in limited partnerships (“LPs”), Fund Shares, or DRIPs from turnaround, processing, recordkeeping and other provisions.⁴⁴⁵

⁴⁴⁴ The \$670 annual estimate is based on the following calculations: \$501 (bookkeeping, accounting, and auditing clerks at \$167 for 3 hours) + \$167 (costs for outside professionals of \$167) = \$670. Occupational rates are calculated as described in *infra* note 533. For additional details on estimates of burden hours and occupations involved, see *infra* Section VI.

⁴⁴⁵ See CFR 240.17Ad-4(a) (stating that Rule 17ad-2 (regarding turnaround and processing), Rule 17ad-3 (regarding restrictions on expansion in certain circumstances of non-compliance), and Rules 17ad-6(a)(1) through (7) and (11) (regarding books and records requirements) shall not apply to transfer agents that process interests in LPs, Fund Shares, or DRIPs.)

Rule 17ad-4(b) provides an exemption for certain small transfer agents by exempting a registered transfer agent from the turnaround, processing, recordkeeping, and other provisions.⁴⁴⁶ The Commission is proposing to rescind Rule 17ad-4 in its entirety. The original rationale for the rule was that it was not necessary or appropriate to require smaller transfer agents for thinly-traded issues to comply with the minimum performance standards and recordkeeping provisions, nor was it necessary or appropriate to apply those standards and provisions to processes that, as the Commission understood at that time, were significantly different from the transfer of ownership of stocks and bonds on issuers’ records.⁴⁴⁷ However, modern technological capabilities and a dramatic increase in the risks posed by transfer agents’ activities to an interconnected electronic national clearance and settlement system are such that the rule’s original rationale is no longer justified. Accordingly, the Commission proposes to rescind Rule 17ad-4. As a result, transfer agents that previously were subject to the exemption afforded by Rule 17ad-4 would now have to comply with turnaround, processing, limitations on expansion, and recordkeeping rules.

The Commission is also proposing to remove paragraph (d)(2) from Rule 17ad-13, which provides that a registered transfer agent is exempt from the requirements of Rule 17ad-13 if it is an exempt transfer agent pursuant to Rule 17ad-4(b) and, if it performs transfer agent functions for Fund Shares, it maintains master securityholder files consisting of fewer than 1,000 shareholder accounts, in the aggregate, for each of such issues for which it performs transfer agent functions.⁴⁴⁸ As a result, small transfer agents that previously were covered by Rule 17ad-4(b) would now have to comply with Rule 17ad-13 and, among other things, file with the Commission and its ARA an annual report prepared

⁴⁴⁶ See 17 CFR 240.17Ad-4(b). Rule 17ad-4(b) provides an exemption for certain small transfer agents by exempting a registered transfer agent from the turnaround, processing, recordkeeping, and other provisions of Rules 17ad-2(a), (b), (c), (d) and (h); 17ad-3; and 17ad-6(a)(2) through (7) and (11), provided the transfer agent has received fewer than 500 items for transfer and fewer than 500 items for processing within a consecutive six month period and provided that the transfer agent has filed proper notice of its exempt status with its ARA or has prepared a document certifying that the transfer agent qualifies as exempt (with respect to those ARAs where filing is not required.)

⁴⁴⁷ Regulation of Transfer Agents, Exchange Act Release No. 13293 (Feb. 24, 1977), 42 FR 12191, 12195 (Mar. 3, 1977).

⁴⁴⁸ See *supra* note 213.

by an independent accountant concerning the transfer agent’s system of internal controls and related procedures for the transfer of record ownership and the safeguarding of related securities and funds based on an annual study and evaluation made in accordance with generally accepted auditing standards.⁴⁴⁹

Benefits

The proposed rescission of Rule 17ad-4 is expected to strengthen investor protection and facilitate the prompt and accurate settlement of securities transactions by extending Rules 17ad-2, 17ad-3, and 17ad-6, as proposed to be amended, to transfer agents processing interests in LPs, DRIPs, and Fund Shares, and certain small transfer agents. Elsewhere in this release,⁴⁵⁰ the Commission discusses in detail how the proposed amendments to Rules 17ad-2, 17ad-3, and 17ad-6—as applied to all transfer agents—would strengthen investor protection and the prompt and accurate settlement of securities transactions. The following is a summary of these discussions. First, the processing performance standards of Rule 17ad-2 would ensure that transfer agents turn around and process routine and non-routine items promptly and accurately.⁴⁵¹ Second, Rule 17ad-2’s proposed policies and procedures approach could promote the prompt and accurate clearance and settlement of securities transactions by providing transfer agents the flexibility to deploy new technologies and practices that may reduce their costs, while improving their turnaround performance.⁴⁵² Third, the proposed amendments to Rules 17ad-2(c) and 17ad-2(d) would ensure the Commission and other ARAs receive the early warning the rule is designed to provide, but only in situations where the turnaround or processing failure potentially indicates a serious performance issue. Enhanced supervisory oversight by the Commission and other ARAs in such instances could help ensure speedy resolution of serious performance issues thereby supporting prompt and accurate clearance and settlement and protecting investors. Fourth, the notification requirement of proposed Rule 17ad-2(e)(2) could expedite the curing of

⁴⁴⁹ See Exchange Act Rule 17ad-13, 17 CFR 240.17Ad-13 and 2015 Concept Release, *supra* note 4, at 81966.

⁴⁵⁰ See *supra* Sections V.C.4.b and V.C.4.c and *infra* Section V.C.4.e, respectively for a discussion of the benefits associated with the proposed amendments to Rules 17ad-2, 17ad-3, and 17ad-6.

⁴⁵¹ See proposed Rule 17ad-2(a), (b), and (e).

⁴⁵² See *supra* Section V.C.2.

defects, facilitate the prompt and accurate clearance and settlement of securities transactions, and in turn shorten the period during which the investor would be exposed to market risk associated with delayed settlement. Fifth, the proposed amendment to Rule 17ad-3(b) would ensure transfer agents' issuer clients receive the early warning about significant operational failures the rule is designed to provide, but only in situations where the turnaround or processing failure potentially indicates a serious performance issue. This would enable issuer clients to use their contractual relationships with underperforming transfer agents to help ensure speedy resolution of serious performance issues, return them to compliance with the performance standards thereby supporting the prompt and accurate clearance and settlement and protecting investors. Sixth, to the extent that the limitations on expansion provisions of Rule 17ad-3 trigger more frequently because of the amended turnaround failure thresholds in Rule 17ad-2(c) or (d), there would be stronger incentives for underperforming transfer agents to expeditiously address performance failures and for all transfer agents to deploy sufficient resources to avoid performance failures. This in turn would support the prompt and accurate clearance and settlement and strengthen investor protection. Seventh, the proposed amendments to Rule 17ad-6 may help to promote safe, efficient, prompt, and accurate settlement transactions to the extent that the greater availability of information to ARAs helps improve the detection and curing of transfer agents' deficiencies. This effect is expected to fall primarily on smaller transfer agents. Eighth, by simplifying recordkeeping requirements, the proposed amendments to Rule 17ad-6 may ease transfer agents' administrative burden, allowing them to focus more on performing their critical functions. If administrative burden currently constrains transfer agents' ability to devote resources to their critical functions, this reallocation may indirectly improve the performance of these functions.

Extending Rule 17ad-13 to small transfer agents that were previously covered by Rule 17ad-4(b) would strengthen investor protection and promote the prompt and accurate settlement of securities transactions. The annual report requirement of Rule 17ad-13(a) could help detect and correct material inadequacies in the transfer agent's internal control system, which in turn would restore the transfer

agent's ability to promptly and accurately transfer record ownership and safeguard securities and funds. The notification requirement of Rule 17ad-13(b) would provide early warning to the transfer agent's ARA about material inadequacies in the transfer agent's internal control system. Enhanced supervisory oversight by the Commission and other ARAs in such instances could help ensure speedy correction of such inadequacies and restore the affected transfer agent's ability to discharge its transfer and safeguarding obligations. If the discovery of material inadequacies impairs a transfer agent's reputation and prospects for future business, the rule may provide incentives for transfer agents to deploy sufficient resources to avoid material inadequacies in their internal control systems. This in turn would support the prompt and accurate clearance and settlement and strengthen investor protection. That said, this effect may be limited for smaller transfer agents, which are more likely to lack the resources to bolster their internal control systems.

Costs

The proposed rescission of Rule 17ad-4 would impose certain costs on those registered transfer agents that were previously covered by the rule. Specifically, the Commission estimates that up to 194 registered transfer agents that process interests in limited partnerships, DRIPs, and Fund Shares, and certain small transfer agents would be required to comply with Rules 17ad-2, 17ad-3, and 17ad-6, as proposed to be amended, and likely would incur compliance costs.⁴⁵³ Elsewhere in this release,⁴⁵⁴ the Commission discusses the compliance costs incurred by all applicable registered transfer agents in connection with proposed amendments to Rules 17ad-2, 17ad-3, and 17ad-6. The following is a summary of these discussions. With respect to the proposed amendments to Rule 17ad-2, transfer agents would incur the following compliance costs. First, to comply with the proposed amendments to Rules 17ad-2(a) and 17ad-2(b), transfer agents would incur costs to establish, maintain, and enforce written policies and procedures reasonably

designed to ensure turnaround and processing of all applicable items received within the timeframes specified in these amended rules.⁴⁵⁵ Transfer agents with existing written policies and procedures may choose to modify them as opposed to creating written policies and procedures *de novo*, which could reduce their compliance costs. Second, as discussed in Section V.C.4.b, transfer agents would incur very limited, if any, costs to comply with the proposed amendments to Rules 17ad-2(a) and 17ad-2(b), with the possible exception of small transfer agents. With respect to small transfer agents that would be required to comply with amended Rules 17ad-2(a) and 17ad-2(b) as a result of the proposed rescission of Rule 17ad-4(b),⁴⁵⁶ the Commission understands that even the smallest transfer agents today have access to automated processes and electronic recordkeeping systems. Further, the securities markets and the national clearance and settlement system in which transfer agents operate have become more automated, efficient, and interconnected, which has increased the ability of *all* transfer agents, regardless of size, to meet the minimum performance standards set forth in amended Rules 17ad-2(a) and 17ad-2(b), among other things.⁴⁵⁷ These factors may mitigate in particular small transfer agents' costs of complying with these rules. A subset of transfer agents, potentially including small transfer agents, may incur costs to acquire the operational capability to turnaround and process all routine items received within the timeframes specified in these amended rules. The Commission requests commenters provide feedback on the number of transfer agents that may incur such costs and the magnitude of such costs. Third, to comply with the proposed amendments to Rules 17ad-2(c) and 17ad-2(d), transfer agents may incur costs to build a system that monitors when their performance triggers the proposed three percent notification threshold for turnaround and processing, respectively. Transfer agents likely have such systems in place to comply with existing Rules 17ad-2(c) and 17ad-2(d) and would choose to update their systems to incorporate the proposed notification thresholds rather than build *de novo* monitoring systems. For these transfer agents, the costs of updating their systems likely would be

⁴⁵³ See *supra* Section V.B.4.d. The aggregate quantifiable compliance costs for Rules 17ad-2, 17ad-3, and 17ad-6 (see *infra* Section V.C.6) include the costs that would be incurred by these 194 transfer agents.

⁴⁵⁴ See *supra* Sections V.C.4.b and V.C.4.c and *infra* Section V.C.4.e, respectively for a discussion of the compliance costs associated with the proposed amendments to Rules 17ad-2, 17ad-3, and 17ad-6.

⁴⁵⁵ See Rules 17ad-2(a) and 17ad-2(b).

⁴⁵⁶ Rule 17ad-4(b), in part, exempts small transfer agents from Rules 17ad-2(a) and 17ad-2(b). See Rule 17ad-4(b), 17 CFR 240.17Ad-4(b).

⁴⁵⁷ See *supra* Section III.F.

minimal. Transfer agents that would be newly subject to amended Rules 17ad-2(c) and 17ad-2(d) because of the proposed rescission of Rule 17ad-4 likely do not have such monitoring systems and may incur costs to build them. The Commission requests commenters provide feedback on the number of transfer agents that may incur such costs and the magnitude of such costs. Fourth, the proposed amendments to Rules 17ad-2(c) and 17ad-2(d) could increase the number of notices filed by transfer agents to the extent that the amended notification thresholds are crossed more often than the existing thresholds. Transfer agents would incur compliance costs associated with preparing and filing these additional notices. Fifth, to comply with the proposed amendment to Rule 17ad-2(e)(1) and proposed Rule 17ad-2(e)(2), transfer agents may choose to update their internal policies and procedures to ensure that they adhere to the revised requirements when addressing routine items that failed to be timely turned around or processed and non-routine items, respectively. Sixth, transfer agents would incur very little, if any incremental costs to comply with the proposed electronic filing requirement in Rule 17ad-2(h). Given the widespread availability of near-instantaneous electronic communications in the transfer agent industry,⁴⁵⁸ transfer agents likely already possess the operational capability to comply with the proposed requirement. To the extent that the current paper-based filing requirement is costlier than electronic filing, the proposed amendment may reduce transfer agents' costs of fulfilling their filing obligations.

With respect to the proposed amendments to Rule 17ad-3, transfer agents would incur the following compliance costs. First, to the extent that the limitations on expansion provisions are triggered more often relative to the baseline, affected transfer agents would lose revenue as a result of the limitation. They may also suffer damage to their reputation if current and prospective clients interpret the limitation as an indication of inferior ability to perform transfer agent activities. This in turn could result in a further loss of business and revenue. Second, to the extent that the notification requirement of the rule is triggered more often as a result of the proposed 95 percent threshold, affected transfer agents would incur compliance costs to notify the chief executive officers of their issuer clients. These

costs would be mitigated because the rule requires the transfer agents to send copies of the written notices filed pursuant to Rule 17ad-2(c) or (d), as applicable, rather than prepare different notices. Third, transfer agents that anticipate triggering the limitations on expansion provisions given the current state of their operational capability may choose to deploy sufficient resources (e.g., enhanced operational controls, upgraded systems, or increased staffing) to avoid performance failures and incur costs as a result.

With respect to the proposed amendments to Rule 17ad-6, transfer agents would incur the following compliance costs. To the extent that the proposed amendments to Rule 17ad-6 increase the number of documents and records that transfer agents would be required to make and keep current relative to the baseline, they would incur costs to do so. The magnitude of these costs would depend in part on the size and scope of the transfer agents' business activities. Alternatively, transfer agents could respond to the proposed amendments by restructuring their business activities to reduce the additional number of documents and records that they would be required to make and keep current. Transfer agents may choose to restructure their business activities if the associated costs are less than the cost savings associated with the reduction of documents and records that would have to be made and kept current.

As a result of the proposed rescission of Rules 17ad-4(b) and 17ad-13(d)(2), small transfer agents that were previously exempt under Rule 17ad-4(b) would now have to comply with Rule 17ad-13. Each transfer agent would incur annual compliance costs of \$40,000 associated with retaining an independent accountant to study and report on the transfer agent's internal accounting control system.⁴⁵⁹ The

⁴⁵⁹ As the Commission estimated previously, transfer agents would incur external costs associated with the fees charged by independent accountants to perform the study, prepare the report, and retain the required records on an annual basis pursuant to Rule 17Ad-13. On average, an independent accountant is estimated to spend 120 hours to perform these tasks. The annual internal time burden associated with filing the report with the Commission is estimated to be minimal. See Securities and Exchange Commission, *Supporting Statement for the Paperwork Reduction Act Information Collection Submission for Rule 17Ad-13* (July 18, 2024), available at https://www.reginfo.gov/public/do/PRAViewDocument?ref_nbr=202407-3235-016. The \$40,000 annual estimate is based on the following calculations: \$0 + \$39,600 (costs for accountants and auditors at \$330 for 120 hours) = \$40,000. Based on an analysis of Form TA-2 filings for the 2025 reporting year, the Commission estimates that 16 registered transfer agents would be covered by

annual report requirement of Rule 17ad-13(a) may impose additional costs. A focus on audited internal controls as a result of this requirement could adversely affect transfer agents' performance, if it distracts them from promptly and accurately performing their transfer agent activities.

e. Amendments to Rule 17ad-6

The Commission proposes implementing changes to existing Rule 17ad-6 that will (1) simplify the rule text, specify what recordkeeping requirements apply to uncertificated securities, and appropriately capture the records necessary for modern transfer agents to perform their regulated functions; (2) conform to other amendments in this proposal as appropriate; and (3) supplement the existing record maintenance, retention, and preservation activities by adding recordkeeping requirements relating to maintaining a master securityholder file, control book, and transfer journal.

Benefits

The proposed amendments to Rule 17ad-6 may benefit issuers and investors by helping to promote safe, efficient, prompt, and accurate settlement transactions and strengthen investor protection.

The proposed amendments to Rule 17ad-6 would require transfer agents to make and keep current certain new records and information. For example, proposed Rule 17ad-6(a)(10) would require each transfer agent to make and keep current a master securityholder file, control book, and transfer journal (or registrar journal if the transfer agent acts as an outside registrar) for each securities issue for which the transfer agent is authorized to act on behalf of the issuer, including all records, documents, and information that compose such master securityholder file, control book, or transfer journal (or registrar journal). The proposed amendments to Rule 17ad-6 would also remove existing requirements to make and keep current certain other records and information. For example, the Commission is proposing to remove paragraph (a)(2)(vi) of Rule 17ad-6, which requires registered transfer agents to make and keep routine items that have been in their possession for more than four business days. To the extent that the proposed amendments result in a net increase in the number of documents and records that transfer

Rule 17ad-13(d)(2). These transfer agents would have to comply with Rule 17ad-13 as a result of the proposed rescission of Rules 17ad-4(b) and 17ad-13(d)(2). Occupational rates are calculated as described in *infra* note 533.

⁴⁵⁸ See *supra* Section III.I.2.

agents would be required to make and keep relative to the baseline, the expanded set of documents and records would provide more information to the transfer agents' ARAs to examine the transfer agents for compliance with transfer agent rules. The Commission's supervisory experience suggests that this effect falls primarily on smaller transfer agents; the effect on larger transfer agents would likely be minimal because they already keep and maintain most of the documents and records contemplated by the proposed amendments. To the extent that greater information helps ARAs better detect deficiencies in the transfer agents' activities and transfer agents to remedy such deficiencies, the proposed amendments may help to promote safe, efficient, prompt, and accurate settlement transactions, which would benefit issuers and investors.

The proposed amendments would, among other things, simplify and streamline recordkeeping requirements. For example, the Commission is proposing to amend Rule 17ad-6(a)(1) to require every registered transfer agent to make and keep current "records" rather than "a receipt, ticket, schedule, log or other record." Simpler and more streamlined recordkeeping requirements could reduce transfer agents' administrative burden, thereby freeing up time and effort that could be redirected towards improving the performance of their critical functions. To the extent that administrative burden currently constrains transfer agents' ability to devote resources to their critical functions, this reallocation may indirectly improve the performance of these functions. However, the Commission lacks data to assess the materiality of this indirect effect. Enhanced performance of transfer agents' critical functions would support the prompt and accurate clearance and settlement of securities transactions and strengthen investor protection, thereby benefiting issuers and investors.

Costs

Transfer agents would incur costs as a result of the proposed amendments to Rule 17ad-6. Section V.C.1 discusses the potential for transfer agents to pass on such costs to issuers and third parties.

To the extent that the proposed amendments to Rule 17ad-6 increase the number of documents and records that transfer agents would be required to make and keep current relative to the baseline, they would incur costs to do so. The magnitude of these costs would depend in part on the size and scope of the transfer agents' business activities. A

transfer agent that provides a wide array of services to a large number of clients would likely be required to make and keep current many more documents and records than a transfer agent that provides a limited set of services to a small handful of clients. Thus, the former would likely incur greater costs than the latter to make and keep current additional documents and records. Alternatively, transfer agents could respond to the proposed amendments by restructuring their business activities to reduce the additional number of documents and records that they would be required to make and keep current. Transfer agents may choose to restructure their business activities if the associated costs are less than the cost savings associated with the reduction of documents and records that would have to be made and kept current.

The compliance costs related to the proposed amendments to Rule 17ad-6, which are jointly estimated with those associated with the proposed amendments to Rule 17ad-7, would impose on each transfer agent initial costs of \$1,000 and annual costs of \$3,100.⁴⁶⁰

f. Amendments to Rule 17ad-7

The Commission is proposing amendments to Rule 17ad-7 to, among other things, establish a single, uniform retention period of six years for most transfer agent records, streamline and modernize the rule's provisions governing electronic recordkeeping, and require transfer agents to turn over to the issuer or its designee certain records related to that issue within fifteen (15) calendar days of ceasing to perform transfer agent activities for that issue.⁴⁶¹

Benefits

The proposed amendments to Rule 17ad-7 could benefit issuers and investors by supporting the prompt and accurate clearance and settlement of securities transactions and strengthening investor protections.

A number of the proposed amendments would expand the set of

records that would be available for examination by the transfer agent's ARA. First, the proposed amendments to Rule 17ad-7(a) would expand the set of records that must be maintained to include all records required to be made or kept by a transfer agent under the Exchange Act. In contrast, existing Rule 17ad-7 requires the retention of a more limited set of records.⁴⁶² Second, proposed Rule 17ad-7(g) would expand the set of records that must be promptly provided to Commission or ARA representatives from records stored on electronic storage media or micrographic media (as required under Rule 17ad-7(f)(5)) to any record required to be maintained, retained, or preserved under this section or otherwise subject to examination under section 17(b) of the Exchange Act.⁴⁶³ Third, proposed Rules 17ad-7(h)(1) and (2) would help ensure that transfer agent records stored on third-party servers or other storage mechanisms could be readily examined by Commission or other ARA representatives and that copies of such records would be promptly provided to such representatives.⁴⁶⁴ Existing Rule 17ad-7 does not address transfer agent records stored on third-party servers or other storage mechanisms. By requiring the retention of a larger set of records that are available for examination relative to the baseline, the proposed amendments could increase the amount of information about a transfer agent's activities over the retention period, which could increase the likelihood of the Commission or another ARA identifying and having the transfer agent remedy deficiencies, thereby improving transfer agents' performance of their activities. Enhanced performance by transfer agents would support the prompt and accurate clearance and settlement of securities transactions and strengthen investor protection, thereby benefiting issuers and investors.

The proposed amendments to Rule 17ad-7(f) would, among other things, update the rule's electronic recordkeeping requirements to align with modern standards related to electronic records, information security, and audit trails. The proposed electronic recordkeeping requirements could help ensure that transfer agent records—such as records of securities ownership—are accurate and complete and maintained securely, which would

⁴⁶⁰ The \$1,000 initial estimate is based on the following calculations: \$783.23 (bookkeeping, accounting, and auditing clerks at \$167 for 4.69 hours) + \$260.94 (costs for outside professionals of \$260.94) = \$1,000. The \$3,100 annual estimate is based on the following calculations: \$2,348.02 (bookkeeping, accounting, and auditing clerks at \$167 for 14.06 hours) + \$782.81 (costs for outside professionals of \$782.81) = \$3,100. Occupational rates are calculated as described in *infra* note 533. For additional details on estimates of burden hours and occupations involved, see *infra* Section VI. The burden hours associated with the proposed amendments to Rules 17ad-6 and 17ad-7 are estimated jointly, see *infra* Section VI.

⁴⁶¹ See proposed Rule 17ad-7.

⁴⁶² See *supra* Section III.H.2. The Commission is also proposing to delete paragraphs (b), (d), and (i) of Rule 17ad-7 because they would now be subsumed by amended paragraph (a).

⁴⁶³ See proposed Rule 17ad-7(g).

⁴⁶⁴ See proposed Rule 17ad-7(h)(1) and (2).

facilitate the prompt and accurate clearance and settlement of securities transactions and strengthen investor protection. However, these benefits may be limited because, based on the Commission's supervisory experience, most transfer agents use electronic recordkeeping systems that largely comply with the proposed electronic recordkeeping requirements.⁴⁶⁵

The proposed amendments to Rule 17ad-7, in part, would simplify and streamline transfer agents' record retention requirements. First, the Commission is proposing to eliminate provisions related to micrographic media because micrographic media are no longer used by transfer agents today. Second, requirements related to a transfer agent's use of a third party for maintaining and preserving records (paragraphs (f)(6) and (g) of Rule 17ad-7) would be consolidated into a new paragraph (h)(1) of Rule 17ad-7, which would be simpler for transfer agents to follow. Third, proposed Rule 17ad-7(a) would, in part, eliminate the existing, multi-tiered approach to retention periods and differing "easily accessible" windows tied to specific subsets of records and replace these requirements with a retention period of not less than six years, the first two years of which in an easily accessible place. Also, prescriptive requirements to maintain duplicates and indexes or keep in escrow a copy of the physical and logical format of electronic storage (paragraphs (f)(2)(v) and (f)(5)(ii) of Rule 17ad-7) would be rescinded, allowing transfer agents greater flexibility in meeting the requirements of retaining readily producible and recoverable records. Simpler and more streamlined record retention requirements could reduce transfer agents' administrative burden, thereby freeing up time and effort that could be redirected towards improving the performance of their critical functions. Enhanced performance of transfer agents' critical functions would support the prompt and accurate clearance and settlement of securities transactions and strengthen investor protection, thereby benefiting issuers and investors.

Rule 17ad-7(h) provides that when a registered transfer agent ceases to perform transfer agent activities for an issue, the responsibility of such transfer agent under Rule 17ad-7 to retain the

records required to be made and kept current under Rule 17ad-6(a)(1), (6), (9), (10), and (11), (b) and (c) shall end upon delivery of such records to the successor transfer agent. The Commission proposes revising this provision to allow these records to be delivered to the issuer or the issuer's designee.⁴⁶⁶ In addition, the Commission proposes to add a requirement for registered transfer agents to provide, or otherwise make available, to the issuer or the issuer's designee all records required to be made and kept current under Rule 17ad-6(a)(1), (6), (9), (10), and (11), (b) and (c) related to an issue within 15 calendar days of ceasing to perform transfer agent activities for that issue.⁴⁶⁷ Finally, the Commission is proposing to renumber Rule 17ad-7(h) as Rule 17ad-7(i).

These proposed amendments may have salutary effects on investor protection and the clearance and settlement of securities transactions. As a preliminary matter, interruptions to the provision of transfer agent services can harm investors because such interruptions can, for example, delay the transfer of ownership, issuance of securities, processing of shareholder requests, and processing of payments. Such interruptions can also impede the prompt and accurate clearance and settlement of securities transactions given transfer agents' role in supporting these activities. The proposed amendments could help ensure the uninterrupted provision of transfer agent services because transfer agents would be required to deliver, provide, or otherwise make available to the issuer or its designee (such as a successor transfer agent) all relevant master securityholder files, transfer journals, control books, records of cancelled securities certificates, and other key records related to an issue within fifteen (15) calendar days of ceasing to perform transfer agent activities for that issue. In particular, the proposed amendments could help to prevent holdup problems that could arise, for instance, if the departing transfer agent unilaterally demands a termination fee payment from the issuer in exchange for the handing over of securityholder records to the successor transfer agent.⁴⁶⁸ The successor transfer agent could then commence its work and help ensure the uninterrupted provision of transfer agent services. Further, by specifying the issuer or the issuer's designee as the recipient of these records from the departing transfer

agent, the proposed amendments would provide flexibility to the issuer in who should receive these records. Such flexibility could be beneficial if the departing transfer agent is ready to deliver these records, but the successor transfer agent has not been engaged. In such cases, the proposed amendments would help ensure that these records are delivered to the issuer or a non-transfer agent designee, who can subsequently transfer them to the successor transfer agent. The proposed amendments could help minimize the risk of losing records during a change in transfer agent, which in turn could help ensure the uninterrupted provision of transfer agent services.

Costs

The Commission recognizes that the proposed amendments to Rule 17ad-7 would impose compliance costs on transfer agents. First, proposed Rule 17ad-7(a) would increase the retention period for certain subsets of records and expand the set of records that must be maintained to include all records required to be made or kept by a transfer agent under the Exchange Act.⁴⁶⁹ To comply with this rule, transfer agents would incur costs to retain the subset of records for a longer period than under the baseline. Transfer agents would also incur costs to retain records covered by the proposed rule that are not already retained under the baseline. Each transfer agent would incur initial costs of \$480 and annual costs of \$1,500 to comply with this rule.⁴⁷⁰ The Commission requests that commenters provide feedback on these costs. Second, transfer agents may have to update their internal systems or recordkeeping protocols to comply with the proposed amendments. Such costs

⁴⁶⁹ See *supra* Section III.H.2.

⁴⁷⁰ As the Commission estimated previously, a transfer agent spends 500 hours per year to comply with Rules 17ad-6 and 17ad-7, with the work being done by internal compliance staff. See Securities and Exchange Commission, "Supporting Statement for the Paperwork Reduction Act Information Collection Submission for Rules 17ad-6 and 17ad-7" (Feb. 29, 2024), available at https://www.reginfo.gov/public/do/PRAViewDocument?ref_nbr=202402-3235-015. To comply with proposed Rule 17ad-7(a), a transfer agent is estimated to spend an additional 0.5 percent of the previously estimated 500 hours, i.e., $0.005 \times 500 = 2.5$ hours, with the work being done by internal compliance staff. The Commission estimates that 25 percent of this internal burden will be incurred initially, while the remaining 75 percent will be incurred annually. The \$480 initial estimate is based on the following calculations: $\$483.75$ (lawyers at $\$774$ for 0.625 hours) + $\$0$ (costs for outside professionals of $\$0$) = $\$480$. The \$1,500 annual estimate is based on the following calculations: $\$1,451.25$ (lawyers at $\$774$ for 1.875 hours) + $\$0$ (costs for outside professionals of $\$0$) = $\$1,500$. Occupational rates are calculated as described in *infra* note 533.

⁴⁶⁵ As discussed in Section III.H.3, the proposed requirements are intended to, among other things, accommodate the types of electronic recordkeeping systems that are used by modern transfer agents that may have moved beyond the types of optical storage systems and micrographic media that were common when Rule 17ad-7 was adopted over two decades ago.

⁴⁶⁶ See proposed Rule 17ad-7(i).

⁴⁶⁷ *Id.*

⁴⁶⁸ See 2015 Concept Release, *supra* note 4, at 81978 and *supra* Section III.H.4.

could be mitigated because proposed Rule 17ad-7(f)(2) is technology neutral and accommodates the types of electronic recordkeeping systems that are used by modern transfer agents. Although the Commission understands that registered transfer agents have moved away from using micrographic media to store records, a transfer agent may choose to use micrographic media as long as the usage is in compliance with Rule 17ad-7 as proposed to be amended. Third, to comply with proposed Rule 17ad-7(g), transfer agents would incur costs to promptly provide to Commission or ARA representatives any records that have to be retained, but are not stored on electronic storage media or micrographic media. The magnitude of such costs likely would vary across transfer agents based on the extent to which a transfer agent uses electronic storage media, micrographic media, or more generally electronic recordkeeping systems to store and retrieve records. For example, a transfer agent that currently uses electronic recordkeeping systems to store and retrieve all its records likely would incur little or no additional costs to comply with proposed Rule 17ad-7(g). Fourth, to comply with the proposed requirement to make available certain records to the issuer or its designee within 15 calendar days of ceasing transfer agent activities,⁴⁷¹ departing transfer agents may incur costs related to data preparation, staff time, and legal review. If these costs exceed what transfer agents would incur under voluntary contractual arrangements, they represent compliance costs, weighed against the benefit of mitigating holdup problems. Fifth, to the extent that transfer agents choose to employ the services of third parties to comply with the proposed amendments to Rule 17ad-7, the costs associated with the employment of these third parties would be part of the compliance costs incurred by transfer agents.

The compliance costs associated with the proposed amendments to Rule 17ad-7, which are jointly estimated with those associated with the proposed amendments to Rule 17ad-6, would impose on each transfer agent initial costs of \$1,000 and annual costs of \$3,100.⁴⁷²

To comply with proposed Rule 17ad-7(h)(1), transfer agents would obtain from their third-party service providers and file with the Commission or their other ARA a legally binding written agreement that covers terms stipulated in the proposed rule. Third-party

service providers likely would incur costs to draft such written agreements. Each third-party service provider would incur initial costs of \$1,000 to draft a legally binding agreement per transfer agent.⁴⁷³ Pursuant to the exception in the proposed rule, third-party service providers could avoid these costs if they allow their transfer agent clients to have and maintain independent access to the kept records at all times. The Commission does not have data on the number of third-party service providers that provide electronic recordkeeping systems, servers or other storage mechanisms to transfer agents for record retention nor does the Commission have data on how many of such third-party service providers provide their clients with independent access to the kept records at all times. As such, the aggregate cost associated with the proposed written agreement requirement cannot currently be estimated. The Commission requests commenters provide feedback on these matters.

g. Amendments to Rule 17ad-10

The Commission proposes amending Rule 17ad-10 to specify that the rule applies to both certificated and uncertificated securities equally, align the “prompt” posting timeframe to the modern settlement cycle,⁴⁷⁴ and modernize the rule text by replacing references to physical processes, hard copy records, and mail with technology neutral terms and standards.

Benefits

The proposed amendments to Rule 17ad-10 may benefit investors by strengthening investor protection in the areas of overissuances and accurate ownership records. They could benefit issuers and investors by supporting the prompt and accurate clearance and settlement of securities transactions.

Overissuances reduce the accuracy of ownership records and could prevent securityholders from receiving all appropriate corporate distributions and communications. Because overissuances can occur for both certificated and uncertificated securities, the associated

risks of missed corporate distributions and communications can affect the holders of either type. However, existing Rule 17ad-10(g) applies to certificates and does not explicitly address uncertificated securities. The Commission is proposing Rule 17ad-10, in part, to address this gap. Specifically, proposed Rule 17ad-10(i) would specify that overissuance can occur for both certificated and uncertificated securities. Further, Rule 17ad-10(g) would be amended to provide that a registered transfer agent’s requirement to buy in securities to cure an overissuance applies to both certificated and uncertificated securities. These clarifications would enhance investor protection by helping to ensure that transfer agents exert efforts to cure overissuances of not only certificated securities, but also uncertificated securities. This in turn would help reduce the risk that holders of uncertificated securities fail to receive all appropriate corporate distributions and communications. To the extent that transfer agents in practice do cure overissuances of both certificated and uncertificated securities, the benefit associated with proposed Rule 17ad-10(i) and the proposed amendments to Rule 17ad-10(g) could be limited.

The Commission also is proposing to shorten the timing requirements for co-transfer agents to provide records of debits and credits to the recordkeeping transfer agent⁴⁷⁵ and respond to inquiries regarding such records from the recordkeeping transfer agent.⁴⁷⁶ Proposed Rule 17ad-10(c)(1) would reduce the amount of time by which co-transfer agents shall provide a record of debits and credits to the recordkeeping transfer agent following transfer of each security from two business days to one business day. Proposed Rule 17ad-10(d), would reduce the amount of time by which co-transfer agents shall respond to all inquiries from the recordkeeping transfer agent regarding such records from within five business days of receipt of an inquiry to within one business day of receipt of an inquiry. The proposed shortening of these timing requirements could facilitate the timely maintenance of accurate ownership records. This in turn would help reduce the risk that securityholders fail to receive all appropriate corporate distributions and communication, thereby strengthening investor protection. The magnitude of this benefit cannot be assessed because the Commission lacks data on the frequency with which existing timing

⁴⁷³ The \$1,000 initial estimate is based on the following calculations: \$1,008 (lawyers at \$504 for 1 hour) + \$504 (costs for outside professionals of \$504) = \$1,000. We assume that the drafting of the written agreement is a one-time burden and the third-party service provider would not incur any annual recurring burdens thereafter. We further assume that lawyers (both in-house and outside) will draft the written agreement at the private sector hourly rate of \$504 to reflect the fact that the third-party service providers do not operate primarily in the securities industry. Occupational rates are calculated as described in *infra* note 533.

⁴⁷⁴ See 17 CFR 240.15c6-1(a); see also proposed Rule 17ad-2.

⁴⁷⁵ See proposed Rule 17ad-10(c)(1).

⁴⁷⁶ See proposed Rule 17ad-10(d).

⁴⁷¹ See proposed Rule 17ad-7(i).

⁴⁷² See *supra* note 460 and *supra* Section V.C.4.e.

requirements for co-transfer agents contribute to ownership record errors. The Commission requests commenters to provide feedback on this matter.

The proposed amendments to Rule 17ad-10(a)(2) would simplify and streamline recordkeeping transfer agents' obligation to post to the master securityholder file by standardizing posting deadlines. Specifically, Rule 17ad-10(a)(2), as proposed to be amended, would require all recordkeeping transfer agents to post position detail to the master securityholder file within the shorter of one business day or the time period specified by Rule 15c6-1(a) under the Exchange Act.⁴⁷⁷ In contrast, existing Rule 17ad-10⁴⁷⁸ sets forth posting deadlines that vary from 30 calendar days to five business days depending on the type of recordkeeping transfer agent. The proposed amendments could expedite the posting of position details to master securityholder files, relative to the baseline. Further, a single posting deadline could simplify recordkeeping transfer agents' workflows and improve their efficiency, which in turn could further expedite updates to the master securityholder files. Faster posting to the master securityholder files by recordkeeping transfer agents would support the prompt and accurate clearance and settlement of securities transactions and strengthen investor protection, thereby benefiting issuers and investors.

Costs

The Commission recognizes that the proposed amendments may impose compliance costs on transfer agents to the extent that updates to internal systems or protocols to cure overissuances are necessary to comply with the proposed amendments. These costs could be limited to the extent that transfer agents in practice are complying with Rule 17ad-10 to account for both certificated and uncertificated securities.

Other compliance costs could be mitigated by the technology currently employed by transfer agents. Transfer agents that serve as co-transfer agents might have to invest in more efficient systems to comply with the proposed timing requirements in Rules 17ad-10(c) and 17ad-10(d); however, because the Commission is replacing "dispatch" or "mail" with the technology-neutral term "provide," co-transfer agents may use existing electronic communication

systems to meet the new standard, limiting incremental costs. Separately, recordkeeping transfer agents might have to invest in more efficient systems to comply with the proposed posting deadline. However, because manual, mail-dependent processes associated with the prompt posting of certificate detail have given way to near-instantaneous electronic communications and automated processes and workflows,⁴⁷⁹ recordkeeping transfer agents likely already possess the operational capability to comply with the proposed posting deadline and would not need to change their systems. The Commission requests that commenters identify situations in which co-transfer agents and recordkeeping transfer agents would be unable to meet the proposed timing requirements and posting deadline, respectively. If such situations exist, the Commission further requests that commenters provide feedback on the number of co-transfer agents and recordkeeping transfer agents that may incur costs to acquire operational capability to meet their respective proposed requirements and the magnitude of such costs.

h. Amendments to Rule 17ad-12

The proposed amendments to Rule 17ad-12 would reframe the existing safeguarding rule as a comprehensive risk management rule.⁴⁸⁰ Under the proposed amendments, transfer agents would be required to have written policies and procedures reasonably designed to ensure the safeguarding of funds and securities in their possession or control and to identify, measure, monitor, and mitigate any material operational and other risks associated with the transfer agent's activities. The proposed amendments also would require transfer agents to establish, maintain, and enforce a written business continuity plan and to hold issuer, securityholder, and other third-party funds in segregated bank accounts.

Benefits

The proposed amendments to Rule 17ad-12 would benefit issuers, investors, and securities markets. Absent the proposed amendments, the operation of market forces alone may not ensure that all transfer agents have comprehensive risk management and business continuity plans. Transfer agents may underinvest in comprehensive risk management and business continuity planning because the costs of inadequate risk management

and business continuity planning (e.g., operational failures, investor losses, and systemic disruption) fall disproportionately on issuers, investors, and the broader market rather than on the transfer agents themselves. Transfer agents, issuers, and investors may overlook the benefits of comprehensive risk management and business continuity planning, as well as the costs of not having them for three reasons. First, transfer agents' risk management plans are generally not made public, limiting pressure from issuer clients and investors to improve these plans. Second, adverse events such as cybersecurity breaches and business disruptions are relatively rare and not necessarily made public when they occur. This may discourage adequate investment in risk management and business continuity planning by transfer agents. Third, findings from regulatory examinations are generally not shared publicly, providing limited guidance for improving business continuity plans across the transfer agent industry. Together, these conditions reduce market forces that would otherwise incentivize adequate investment in comprehensive risk management and business continuity planning. Risks to securities and funds in transfer agents' possession, control, or custody may stem not only from theft, loss, or destruction, but also from other sources such as misappropriation, unauthorized access, operational failures, cybersecurity breaches, and insolvency. The proposed comprehensive risk management plan and operational risk requirements may reduce the risk of losses to investors that may stem from a broad range of risks and may buttress the resilience of the national clearance and settlement system.

In addition, safeguarding and segregation requirements for financial intermediaries protect customers' securities and funds, including from losses related to the intermediary's proprietary business activities.⁴⁸¹ If transfer agents (other than those that are also registered as a broker-dealer or investment adviser) lend funds belonging to issuers, securityholders, or other third parties, this practice may inadvertently subject those entities to counterparty risk if borrowers fail to return the funds. The proposed

⁴⁷⁷ However, all securities transferred, purchased, redeemed or issued prior to record date, but posted subsequent thereto, shall be posted as of the record date. See proposed Rule 17ad-10(a)(2)(i).

⁴⁷⁸ See Rule 17ad-10(a)(2)(i) through (iii).

⁴⁷⁹ See *supra* Section III.I.2.

⁴⁸⁰ See *supra* Section III.J.

⁴⁸¹ See, e.g., *Capital, Margin, and Segregation Requirements for Security-Based Swap Dealers and Major Security-Based Swap Participants and Capital and Segregation Requirements for Broker-Dealers*, Exchange Act Release No. 86175 (Jun. 21, 2019), 84 FR 43872, 44025 (Aug. 22, 2019) and *Financial Responsibility Rules for Broker-Dealers*, Exchange Act Release No. 70072 (July 30, 2013), 78 FR 51824, 51912 (Aug. 21, 2013).

segregation requirements are designed to safeguard these funds, limiting their accessibility by the transfer agent and thereby reducing counterparty risk faced by issuers, securityholders, and other third parties. If the transfer agent fails financially, safeguarding and segregation requirements may help ensure that the securities and funds of issuers, securityholders, and other third parties are returned to them. Thus, the proposed requirements may reduce the risk of inadvertent financial loss and instability of the market in times of stress.

The proposed business continuity plan requirement⁴⁸² would help to mitigate the potential adverse effects of business disruptions, thus benefiting issuers and investors. Absent the proposed requirement, business disruptions may put issuers' and investors' interests at risk if, for example, a transfer agent lacks the ability to process dividend or interest payments, is unable to receive or implement directions from issuers or investors or is unable to access and secure lists of registered securityholders or beneficial owners for a single or multiple issuers.

The proposed amendments to Rule 17ad-12 could have ancillary benefits for the broader securities markets. For example, consider a transfer agent that currently lacks sufficiently robust risk management and business continuity plans. If this transfer agent were to suffer a significant cybersecurity breach, operational failure, or a business disruption event that prevented it from transferring securities and maintaining the master securityholder file for several days, then the liquidity of those issuers, as well as the interests of the relevant securityholders, could be negatively affected. These effects could ripple across the securities markets if multiple transfer agents with inadequate risk management and business continuity plans suffer disruptions simultaneously. While the risk management systems, policies and procedures, and business continuity plan required under the proposed amendments would not be able to completely prevent such disruptions, they may decrease the transfer agent's recovery time and, hence, the disruption's impact on the market. These proposed amendments—by buttressing the national clearance and settlement system's resiliency—may bolster investor confidence and participation in securities markets thereby indirectly facilitating issuers' capital raising.

As discussed in Section V.B, the transfer agent industry is heterogeneous. The larger transfer agents likely already have risk management-related policies and procedures as well as business continuity plans in place. For the issuers and investors serviced by these transfer agents, the benefits of the proposed amendments may be limited. Issuers and investors serviced by transfer agents that currently lack or have insufficiently robust risk management-related policies and procedures and business continuity plans would largely benefit from the proposed amendments.

In general, the Commission cannot quantify the total benefits of the proposed amendments to Rule 17ad-12 because the Commission lacks data on certain factors relevant to such an analysis, such as investor preferences and the likelihood of operational risks, cybersecurity breaches, and business disruptions. For example, without knowing how risk averse issuers and investors are to transactions with transfer agents without robust policies and procedures and business continuity plans, the Commission cannot quantify the benefits they might derive from improvements in those policies, procedures, and business continuity plans. Similarly, it is difficult to estimate the probability of the types of risks and business disruptions addressed by the proposed amendments, which precludes estimating the ex-ante costs of inadequate plans under the economic baseline.

Costs

As with the benefits, costs of the proposed amendments to Rule 17ad-12 would be shared by transfer agents, issuers, and investors. The proposed amendments to Rule 17ad-12(b) require segregation of issuer, securityholder, and other third-party funds, restricting their use by the transfer agent and potentially raising the overall cost of transfer agent services. Specifically, in the absence of the proposed requirements, a transfer agent (other than one that is also registered as a broker-dealer or investment adviser) may be able to generate revenue by lending out issuer, securityholder, and other third-party funds. The proposed requirements would foreclose this revenue source and the transfer agent may choose to recoup the forgone revenue by raising the fees on services provided to issuers, securityholders, and other third parties. In addition, transfer agents would incur the one-time and ongoing costs associated with establishing, maintaining, and enforcing

written policies and procedures related to safeguarding and risk management; developing and maintaining the risk management plan, segregating all issuer, securityholder, and other third-party funds; and establishing, maintaining, and enforcing a business continuity plan. However, some of those costs may ultimately be passed through to issuer clients and investors.⁴⁸³

As an important caveat, it is difficult to estimate the costs incurred by transfer agents to comply with the proposed amendments to Rule 17ad-12 because of the variations in (i) existing risk management systems, policies and procedures related to safeguarding and risk management, and business continuity plans, and (ii) the extent to which such systems, policies and procedures, and plans would need to be revised to be compliant with the proposed rule. Transfer agents whose current risk management systems and business continuity plans are closely aligned with the requirements of the proposed amendments would likely incur lower initial compliance costs, while all transfer agents would incur ongoing costs pertaining to the annual testing, review, and update of their business continuity plan. In addition, the initial and ongoing costs imposed by the proposed amendments would vary significantly among firms depending on the complexity of the transfer agent's operations, such as number of issues and individual accounts, number of employees, number of offices, number and types of issuers, types of transfer agent services provided, other business activities or lines of business which may affect the transfer agent's business, and the extent of reliance on third-party service providers (e.g., to provide recordkeeping or processing services).⁴⁸⁴ The policies and procedures approach under the proposed amendments to Rule 17ad-12(a) should allow transfer agents flexibility to tailor their safeguarding arrangements and risk management systems to the specific risks their businesses face at the minimum possible cost.

The compliance costs associated with the proposed amendments to Rule 17ad-12 would impose on each transfer agent initial costs of \$7,900 and annual costs of \$2,000.⁴⁸⁵

⁴⁸³ See *supra* Section V.C.1.

⁴⁸⁴ See *supra* Section III.B.7.

⁴⁸⁵ The \$8,400 initial estimate is based on the following calculations: \$5,940 (accountants and auditors at \$330 for 18 hours) + \$1,980 (costs for outside professionals of \$1,980) = \$7,900. The \$2,000 annual estimate is based on the following calculations: \$1,485 (accountants and auditors at

⁴⁸² See proposed Rule 17ad-12(c).

i. Amendments to Rule 17ad–17

The Commission is proposing a number of amendments to Rule 17ad–17.⁴⁸⁶ First, proposed Rule 17ad–17(b)(3) would establish a new defined term “inactive securityholder,” that would include a securityholder for whom the transfer agent, broker, or dealer has not observed any account activity for a period of 18 months. Second, proposed Rule 17ad–17(a)(3) would require a recordkeeping transfer agent or carrying broker-dealer to provide no less than two written notifications to each inactive securityholder, among other things. Third, the definition of a lost securityholder under Rule 17ad–17(b)(2) would be amended such that a securityholder could become a lost securityholder whenever an item of correspondence that was sent to the securityholder has been returned as undeliverable, regardless of whether the address where the item was sent was contained in the transfer agent’s master securityholder file or customer security account records of the broker or dealer. The proposed revision reflects that some securityholders may correspond using means and addresses, including electronic methods, that may not always be contained in the transfer agent’s master securityholder file or customer security account records of the broker or dealer. Fourth, Rules 17ad–17(c)(1) and (c)(3) that relate to unresponsive payees would be amended to reference electronic means for sending payments. These proposed revisions reflect that some securityholders may receive payments through electronic methods. Fifth, the Commission is proposing to remove the reference to Rule 17ad–7(i) in Rule 17ad–17(d) and instead reference Rule 17ad–7(a) as proposed to be amended.⁴⁸⁷ With this change, records that are required to be maintained pursuant to Rule 17ad–17(d) would be retained for a period of not less than six years, the first two years of which in an easily accessible place.

Benefits

The proposed amendments to Rules 17ad–17(a)–(c) would bolster investor protection by addressing the adoption of inactivity standards in certain states, the use of methods of correspondence

beyond physical mail and the use of electronic payments.

The definition of an inactive securityholder in proposed Rule 17ad–17(b)(3) and the associated notification requirement in proposed Rule 17ad–17(a)(3) could benefit securityholders by reducing the risk that they lose ownership of their investment property through states’ application of their inactivity standards. To the extent that securityholders are better able to retain ownership of their investment property as a result of the proposed amendments, they could avoid incurring costs associated with premature remittance and liquidation of such property that could occur in the absence of the proposed amendments. Premature liquidation of securities could eliminate future market value appreciation and payments (such as dividends), which would be an opportunity cost for securityholders. Further, premature liquidation of securities could trigger unexpected tax liabilities and associated payments for securityholders. Under proposed Rule 17ad–17(a)(3), such costs could be avoided if an inactive securityholder is notified by the recordkeeping transfer agent or carrying broker-dealer and shows activity in the account prior to the remittance of funds or securities to the state escheatment authority pursuant to a potential dormancy standard, thereby advancing the protection of investors against escheatment of their assets.

As discussed in Section III.K, states vary in terms of their dormancy standards. Some states use the RPO standard—upon which is based the definition of a lost securityholder under existing Rule 17ad–17(b)(2)—while others use an inactivity standard. The benefit discussed above likely will be greater for securityholders in states with an inactivity standard. For securityholders in states whose dormancy standards are aligned with the lost securityholder standard of existing Rule 17ad–17(b)(2), the benefits associated with the proposed amendment would be limited, if any.

Under existing Rule 17ad–17(b)(2), a securityholder who uses methods of correspondence other than physical mail and loses contact with the recordkeeping transfer agent or carrying broker-dealer would not be considered a lost securityholder if physical mail continues to be delivered to the address on record. The proposed amendment to Rule 17ad–17(b)(2) would strengthen investor protection by expanding the definition of a lost securityholder to

include securityholders who correspond using methods other than physical mail. To the extent that loss of contact via a non-physical mail method of correspondence is observed more quickly than via physical mail, the securityholder could be contacted sooner by the recordkeeping transfer agent or carrying broker-dealer, thereby helping to mitigate the risk of undelivered physical mail (such as corporate communications and checks) and potentially triggering escheatment and premature liquidation of investment property under the RPO standard.

Under existing Rule 17ad–17(c)(3), a securityholder who receives payments from the issuer electronically would not be considered an unresponsive payee and would not receive entitled payments if electronic payments sent to the securityholder were rejected and returned as undeliverable to the paying agent. The notification requirement of existing Rule 17ad–17(c)(1) addresses only unnegotiated checks. The proposed amendments to Rules 17ad–17(c) would strengthen investor protection by expanding the definition of an unresponsive payee and the notification requirement for such unresponsive payee to address electronic payments. Should a securityholder who chooses to receive electronic payments fail to do so because these payments were rejected and returned as undeliverable to the paying agent, the proposed amendments would help ensure that the securityholder receives these payments, thereby advancing the protection of investors against lost payments.

The proposed amendment to Rule 17ad–17(d) would increase the retention period of records required to be maintained pursuant to this rule from three years (under existing Rule 17ad–7(i)) to six years (under Rule 17ad–7(a) as proposed to be amended). The proposed amendment could increase the amount of information about the efforts of recordkeeping transfer agents and carrying broker-dealers to search for lost securityholders and paying agents to notify unresponsive payees, which could increase the likelihood of the Commission or another ARA identifying and having these registrants remedy deficiencies, thereby improving these registrants’ search and notification activities. Improvements in these activities could help securityholders retain ownership of their investment property and receive the checks to which they are entitled, thereby strengthening investor protection.

\$330 for 4.5 hours) + \$495 (costs for outside professionals of \$495) = \$2,000. Occupational rates are calculated as described in *infra* note 533. For additional details on estimates of burden hours and occupations involved, see *infra* Section VI.

⁴⁸⁶ See Rule 17ad–17.

⁴⁸⁷ See *supra* Section III.H and note 252.

Costs

The proposed amendment to Rule 17ad–17 would impose costs on transfer agents, broker-dealers, and paying agents. Recordkeeping transfer agents and carrying broker-dealers would incur costs to comply with the notification requirement of proposed Rule 17ad–17(a)(3). Each such entity would incur initial costs of \$7,500 and annual costs of \$840.⁴⁸⁸

Paying agents would incur costs under Rule 17ad–17(c)(1) to provide written notification to securityholders that meet the amended definition of an unresponsive payee when they otherwise would not under the baseline (*i.e.*, securityholders who receive payments electronically). This proposed requirement would impose annual costs of \$670 on each of these entities.⁴⁸⁹

To comply with the proposed amendment to Rule 17ad–17(b)(2), recordkeeping transfer agents and carrying broker-dealers may incur costs to extend their systems for monitoring undeliverable physical mail to cover items of correspondence sent using non-physical mail methods to securityholders and returned as undeliverable (*e.g.*, undelivered email). Larger and more sophisticated recordkeeping transfer agents and carrying broker-dealers may already have systems that monitor the delivery status of items of correspondence sent via both physical mail and non-physical mail methods. Such entities may incur very limited, if any, costs to update their systems to comply with the proposed amendment. Recordkeeping transfer agents and carrying broker-dealers that are smaller may operate systems that monitor for undeliverable physical mail only. These entities may incur costs to extend their systems to monitor the delivery status of items of correspondence sent via non-physical mail methods. The Commission requests commenters provide feedback on the number of transfer agents that may incur

such costs and the magnitude of such costs.

Recordkeeping transfer agents and carrying broker-dealers would incur costs to conduct the required database searches for securityholders that meet the amended definition of a lost securityholder when they otherwise would not under the baseline (*i.e.*, securityholders who correspond using non-physical mail methods and have lost contact with the recordkeeping transfer agent or carrying broker-dealer). These searches would be in addition to the searches for securityholders that meet the definition of a lost securityholder under existing Rule 17ad–17(b)(2). The estimated annual cost associated with one database search is \$17.⁴⁹⁰ Estimating the aggregate annual costs associated with database searches for these additional securityholders requires the total number of such searches annually. The Commission is requesting comment on the cost of database searches, especially data that would support quantification of (i) the annual costs associated with one database search; (ii) the annual number of database searches for securityholders that meet the proposed definition when they otherwise would not under the baseline; and (iii) aggregate annual costs associated with these database searches.

To comply with Rule 17ad–17(d), recordkeeping transfer agents, carrying broker-dealers, and paying agents would incur costs to create written procedures that describe their methodology for complying with the proposed amendments to the rule. Each such entity would incur initial costs of \$15,000 and annual costs of \$3,900.⁴⁹¹

⁴⁹⁰ As the Commission estimated previously, one database search creates a burden of 5 minutes (or approximately 0.083 hours) and an associated recordkeeping burden of 0.002 hours for a total burden of 0.083 + 0.002 = 0.085 hours. In addition, the Commission estimated that a transfer agent or broker-dealer would pay third-party database providers \$3 to conduct one search. See SEC, *Supporting Statement for the Paperwork Reduction Act Information Collection Submission for Rule 17ad–17* (Aug. 29, 2025), available at https://www.reginfo.gov/public/do/PRAViewDocument?ref_nbr=202506-3235-007. The \$17 annual estimate for each database search is based on the following calculations: \$14.20 (bookkeeping, accounting, and auditing clerks at \$167 for 0.085 hours) + \$3 (costs for outside professionals of \$3) = \$17.

⁴⁹¹ The \$15,000 initial estimate is based on the following calculations: \$13,932 (lawyers at \$774 for 18 hours) + \$1,548 (costs for outside professionals of \$1,548) = \$15,000. The \$3,900 annual estimate is based on the following calculations: \$3,483 (lawyers at \$774 for 4.5 hours) + \$387 (costs for external services of \$387) = \$3,900. Occupational rates are calculated as described in *infra* note 533. For additional details on estimates of burden hours and occupations involved, see *infra* Section VI.

⁴⁸⁸ The \$7,500 initial estimate is based on the following calculations: \$6,763.50 (bookkeeping, accounting, and auditing clerks at \$167 for 40.5 hours) + \$751.50 (costs for outside professionals of \$751.50) = \$7,500. The \$840 annual estimate is based on the following calculations: \$751.50 (bookkeeping, accounting, and auditing clerks at \$167 for 4.5 hours) + \$83.50 (costs for external services of \$83.50) = \$840. Occupational rates are calculated as described in *infra* note 533. For additional details on estimates of burden hours and occupations involved, see *infra* Section VI.

⁴⁸⁹ The \$670 annual estimate is based on the following calculations: \$601.20 (bookkeeping, accounting, and auditing clerks at \$167 for 3.6 hours) + \$66.80 (costs for external services of \$66.80) = \$670. Occupational rates are calculated as described in *infra* note 533. For additional details on estimates of burden hours and occupations involved, see *infra* Section VI.

5. Benefits and Costs of the Proposed New Rules

a. Proposed Rule 17ad–30: Compliance

Proposed Rule 17ad–30 would require every registered transfer agent to establish, maintain, and enforce written policies and procedures reasonably designed to (i) achieve compliance with the federal securities laws and regulations thereunder applicable to the transfer agent and (ii) identify and remediate instances of non-compliance with the policies and procedures in a timely manner.⁴⁹² The proposed rule would also require that the policies and procedures be reviewed and approved by the transfer agent's board of directors or similar governing body at least every 12 months or following material changes to either the transfer agent's operations or the federal securities laws and rules and regulations described in paragraph (a)(1) of this section.⁴⁹³

Benefits

The proposed rule would facilitate prompt and accurate clearance and settlement of securities transactions and strengthen investor protection. Proposed Rule 17ad–30(a)(1) would establish a uniform baseline compliance requirement for all registered transfer agents, while at the same time provide individual transfer agents with the flexibility to develop and implement written policies and procedures based on their specific business model, services, risks, and other characteristics. Such flexibility would help accommodate the various business models transfer agents may have while at the same time advancing the Commission's investor protection goals and facilitating the safe and efficient functioning of the national clearance and settlement system. By requiring transfer agents to identify and remediate instances of non-compliance in a timely manner, proposed Rule 17ad–30(a)(2) would help ensure that compliance issues are addressed promptly before they can disrupt the prompt and accurate processing of securities transactions or otherwise harm investors, issuers, or the broader securities markets. Proposed Rule 17ad–30(b) would require board review and approval of compliance policies and procedures, thereby helping to ensure that transfer agent governing bodies remain engaged in and accountable for the transfer agent's compliance efforts. This in turn could help ensure that the transfer agent's compliance program evolves as needed to address changes in

⁴⁹² See proposed Rule 17ad–30(a).

⁴⁹³ See proposed Rule 17ad–30(b).

the transfer agent's business, applicable rules and regulations, and the broader securities market. An adaptive compliance program could support transfer agents in performing their critical functions within the national clearance and settlement system. To the extent that the proposed rule helps ensure that transfer agents adequately perform their critical functions within the national clearance and settlement system, securities transactions would be cleared and settled more promptly and accurately and investors would be better protected.

Costs

The proposed rule would impose initial costs of approximately \$31,000, and annual costs of approximately \$7,700 on each transfer agent.⁴⁹⁴ These costs may be attenuated for four reasons. First, as discussed in the economic baseline, some transfer agents are also registered as broker-dealers or investment advisers.⁴⁹⁵ Other transfer agents may be banking entities, such as insured depository institutions subject to the Federal Deposit Insurance Act and other prudential requirements.⁴⁹⁶ These transfer agents would likely already have written policies and procedures addressing regulatory compliance in those capacities and would revise them to also cover their transfer agent business, rather than establish *de novo* policies and procedures specifically addressing their transfer agent business. To the extent that these transfer agents choose to revise their existing policies and procedures, the compliance costs associated with the proposed rule likely would be lower than estimated and reported above. Second, among those entities that operate solely as transfer agents, there may be entities that already have written policies and procedures addressing regulatory compliance. For example, larger transfer agents already may have created such written policies and procedures to assist

in managing their operations. As another example, those transfer agents that see enhanced regulatory compliance as a source of improved performance and thus competitive advantage relative to their peers also may have written policies and procedures addressing regulatory compliance. These transfer agents would likely make the necessary revisions to their existing policies and procedures, if any, to comply with the proposed rule, rather than establish *de novo* policies and procedures. To the extent that these transfer agents choose to revise their existing policies and procedures, the compliance costs associated with the proposed rule likely would be lower than estimated and reported above. Third, the compliance costs are scaled to a transfer agent's activities. For example, transfer agents with operations that are limited in scale and complexity would establish written policies and procedures commensurate with the nature of such operations. For such transfer agents, the compliance costs associated with the proposed rule could be lower than estimated and reported above. Fourth, to the extent transfer agents have acted consistent with existing staff statements that are similar to the proposed amendments, their individualized costs as realized may be reduced from the overall estimated costs associated with the proposed amendments.⁴⁹⁷

b. Proposed Rule 17ad–31: Restrictive Legends

The Commission is proposing new Rule 17ad–31 to establish requirements for transfer agents regarding the placement and removal of restrictive legends and to help prevent transfer agents from facilitating violations of Section 5 of the Securities Act of 1933. The proposed rule would require transfer agents to: (1) maintain and rely upon a current list of authorized issuer employees on whose instructions the transfer agent is authorized to act regarding the placement and removal of restrictive legends; and (2) refrain from facilitating any unregistered securities transaction unless the transfer agent has a reasonable basis to believe that the transaction would not violate, or is not part of a chain of transactions that would violate, Section 5(a) of the Securities Act of 1933. The proposed rule would also provide a non-exclusive safe harbor for transfer agents seeking to establish such a reasonable basis prior

to facilitating an unregistered securities transaction.⁴⁹⁸

Benefits

As discussed in Section IV.B, because transfer agents are often the party responsible for affixing, tracking, and removing restrictive legends, they help to prevent unregistered securities distributions that violate Section 5 of the Securities Act of 1933.⁴⁹⁹ The removal of restrictive legends absent proper authorization facilitates the illegal distribution of securities. Investors risk losing their funds if they unknowingly purchase such securities. However, there is no existing requirement that transfer agents develop a reasonable basis for removing restrictive legends. Proposed Rule 17ad–31(c) would benefit investors, issuers, and the securities markets more generally, by providing transfer agents with two clearly defined methods for developing a reasonable basis.⁵⁰⁰

Insofar as transfer agents are not already forming a reasonable basis for removing restrictive legends consistent with the two methods defined in the proposed rule, the proposed rule would help to prevent the illegal transfer or distribution of securities, which in turn would help reduce the risk of investor and issuer losses, thereby strengthening investor protection.

To the extent that the proposed rule reduces the risk of investor losses from purchasing illegally distributed securities, investors may have greater confidence in and may be more willing to participate in securities markets. Increased investor participation in securities markets could bolster demand for legally distributed securities and facilitate capital raising, thereby benefiting issuers.

In addition, the absence of an existing requirement creates legal risk and uncertainty for transfer agents—and therefore imposes costs on transfer agents. Proposed rule 17ad–31(c) would help to mitigate transfer agents' legal risk and compliance uncertainty, which could reduce transfer agents' costs. The Commission has designed these methods to ensure that the reduction in compliance uncertainty does not weaken the substantive standards transfer agents must meet before removing restrictive legends. These proposed provisions⁵⁰¹ would provide legal clarity to transfer agents as to how they should establish reasonable basis

⁴⁹⁴ The \$31,000 initial estimate is based on the following calculations: \$23,220 (lawyers at \$774 for 30 hours) + \$7,740 (costs for outside professionals of \$7,740) = \$31,000. The \$7,700 annual estimate is based on the following calculations: \$5,805 (lawyers at \$774 for 7.5 hours) + \$1,935 (costs for outside professionals of \$1,935) = \$7,700. Occupational rates are calculated as described in *infra* note 533. These estimates represent the average burden across transfer agents. For additional details on estimates of burden hours and occupations involved, see *infra* Section VI.

⁴⁹⁵ See *supra* Section V.B.4.

⁴⁹⁶ See, e.g., ICI Letter, Letter from J. Steven Duncan, President, American Funds Service Company, dated Apr. 15, 2016 ("American Funds Letter"), available at <https://www.sec.gov/comments/s7-27-15/s72715-50.pdf>; Vanguard Letter, and ABA Letter.

⁴⁹⁷ See SEC Transfer Agents, available at <https://www.sec.gov/about/divisions-offices/division-trading-markets/transfer-agents>.

⁴⁹⁸ See proposed Rule 17ad–31.

⁴⁹⁹ See Securities Act of 1933 Section 5, 15 U.S.C. 77e.

⁵⁰⁰ See proposed Rule 17ad–31(c)(2) and proposed Rule 17ad–31(c)(3).

⁵⁰¹ *Id.*

for removing a restrictive legend, which could reduce the need for legal advice and associated legal costs. The availability of two methods for developing a reasonable basis required would provide appropriate flexibility to transfer agents while still ensuring adequate safeguards.

Costs

Overall, the proposed rule may result in higher costs to transfer agents seeking to provide transfer agent services to issuers. Transfer agents would incur direct costs to comply with proposed Rule 17ad–31. The Commission expects that each transfer agent may bear recordkeeping cost of \$6,600 initially, and \$1,300⁵⁰² on an annual basis.

In addition, transfer agents would bear costs associated with developing a reasonable basis required under proposed Rule 17ad–31(b). Under proposed Rules 17ad–31(c)(1) and (c)(2), a transfer agent may establish the required reasonable basis by obtaining and reviewing an opinion of counsel that meets certain requirements.⁵⁰³ A transfer agent that chooses to obtain an opinion of counsel under these proposed rules would incur annual costs of \$7,000.⁵⁰⁴ Because the cost of

obtaining such an opinion can be affected by market conditions, including the availability and capacity of qualified attorneys, the cost of securing an opinion of counsel may fluctuate depending on the supply of legal professionals able to provide this specialized analysis. As discussed in Section V.B.10, the Commission's regulatory experience indicates that (i) transfer agents' reliance on opinion letters as the basis for removing restrictive legends is considered a best practice and (ii) such opinion letters can come from either the issuer's in-house counsel or outside counsel. A transfer agent that has been relying on opinion letters issued by its issuer clients' outside counsel and chooses to obtain an opinion of counsel pursuant to these proposed rules would likely not incur any incremental costs associated with the proposed rule.

Alternatively, a transfer agent may establish the required reasonable basis by making its own determination that the transaction may be conducted pursuant to a specific exemption from registration under proposed Rule 17ad–31(c)(3).⁵⁰⁵ A transfer agent that chooses to comply with proposed Rule 17ad–31(c)(3) would also incur costs to comply with the documentation requirements of proposed Rule 17ad–31(d). As discussed in Section IV.B.4.b, some transfer agents, particularly larger transfer agents with experienced legal and compliance staff, may prefer to conduct their own analysis rather than rely on opinions from outside counsel. A transfer agent that chooses to make its own determination under proposed Rule 17ad–31(c)(3) would incur annual costs of \$7,000.⁵⁰⁶ A transfer agent that

chooses to comply with proposed Rules 17ad–31(c)(3) and (d) could potentially use documentation provided by their issuer clients, which could mitigate the transfer agent's costs associated with these proposed rules.

A transfer agent that chooses to obtain an opinion of counsel would incur total quantifiable compliance costs of \$6,600 initially, and \$8,300 annually thereafter.⁵⁰⁷ A transfer agent that chooses to make its own determination would incur total quantifiable compliance costs of \$6,600 initially, and \$8,300 annually thereafter.⁵⁰⁸

The Commission is requesting comment on the cost of these provisions, especially data that would enable quantification of: (i) the number of transfer agents that would likely choose to comply with proposed Rules 17ad–31(c)(1) and (c)(2) and (ii) the number of transfer agents that would likely choose to comply with proposed Rules 17ad–31(c)(3). Additionally, the Commission is requesting comment, especially data that would support quantification of: (i) the number of transfer agents that would use internal staff to comply with proposed Rule 17ad–31(d) and (ii) the number of transfer agents that would employ third-party service providers to comply with proposed Rule 17ad–31(d).

Additionally, the proposed rule may cause transfer agents to spend more time performing due diligence of issuers and transactions, which may increase compliance costs, slow down the speed of transactions, and increase processing time.

31(c)(2) and (d). The total time spent by the legal and compliance staff = 3 hours per request × 3 requests = 9 hours. As reported in Table 7 “Market Share of the Largest Transfer Agents” (*see supra* Section V.B.4), the 10 largest transfer agents as of 2025 accounted for the vast majority of transfer agent activity measured in various ways. The Commission assumed that the volume of transfer agent activity handled by these transfer agents would allow them to generate sufficient revenue to support the legal and compliance staff that would perform the work required by proposed Rules 17ad–31(c)(3) and (d). Accordingly, the estimated number of transfer agents that would comply with proposed Rules 17ad–31(c)(3) and (d) = 10.

⁵⁰⁷ Initial compliance costs = \$6,600 (recordkeeping). Annual compliance costs = \$1,300 (recordkeeping) + \$7,000 (opinion of counsel) = \$8,300. *See supra* notes 502 and 504.

⁵⁰⁸ Initial compliance costs = \$6,600 (recordkeeping). Annual compliance costs = \$1,300 (recordkeeping) + \$7,000 (own determination) = \$8,300. *See supra* notes 502 and 506.

⁵⁰² The \$6,600 initial estimate is based on the following calculations: \$4,920 (general and operations managers at \$656 for 7.5 hours) + \$1,640 (costs for outside professionals of \$1,640) = \$6,600. The \$1,300 annual estimate is based on the following calculations: \$984 (general and operations managers at \$656 for 1.5 hours) + \$328 (costs for outside professionals of \$328) = \$1,300. Occupational rates are calculated as described in *infra* note 533. For additional details on estimates of burden hours and occupations involved, *see infra* Section VI.

⁵⁰³ *See* proposed Rule 17ad–31(c)(2).

⁵⁰⁴ The \$7,000 annual estimate is based on the following calculations: \$6,966 (costs for outside professionals of \$6,966) = \$7,000. Occupational rates are calculated as described in *infra* note 533. The Commission assumed that the transfer agent would obtain opinion letters from an outside counsel as part of its regular, day-to-day business operations and thus would not incur initial costs to establish *de novo* arrangements for obtaining such opinion letters. In deriving the estimate for annual costs, the Commission assumed that a transfer agent would receive an average of three requests a year to remove restrictive legends and would hire an outside counsel to provide opinion letters. For each request an outside counsel would spend 3 hours to perform the work required by proposed Rule 17ad–31(c)(2). The total time spent by the outside counsel = 3 hours per request × 3 requests = 9 hours. Thus, the costs for outside professional = \$774 (hourly rate for a lawyer) × 9 hours = \$6,966. The estimated number of transfer agents that would choose to comply with the proposed rule = 327 (total number of registered transfer agents as of June 30, 2026)—

10 (estimated number of transfer agents that would comply with proposed Rules 17ad–31(c)(3) and (d), *see infra* note 506) = 317.

⁵⁰⁵ *See* proposed Rule 17ad–31(c)(3).

⁵⁰⁶ The \$7,000 annual estimate is based on the following calculations: \$6,966 (lawyers at \$774 for 9 hours) = \$7,000. Occupational rates are calculated as described in *infra* note 533. The Commission assumed a transfer agent that chooses to comply with proposed Rules 17ad–31(c)(3) and (d) would use its existing legal and compliance staff to perform the work required by these proposed rules. Thus, such a transfer agent would not incur initial costs to recruit and train such staff. In deriving the estimate for annual costs, the Commission assumed that a transfer agent would receive an average of three requests a year to remove restrictive legends. Further, for each request, the transfer agent's legal and compliance staff would spend 3 hours to perform the work required by proposed Rules 17ad–

6. Aggregate Monetized Benefits and Costs

Throughout this economic analysis, we have estimated monetized benefits and costs per affected entity/filing. In this section, we present aggregate measures of these monetized effects. These totals include only benefits and costs that are monetized in the economic analysis and thus do not encompass all of the proposed amendments and rules' benefits and costs.

a. Initial and Annual Aggregate Monetized Benefits and Costs

Table 17 reports the costs that are monetized in this economic analysis, aggregated across all affected entities and, where applicable, instances of filing each year. Because it was not practicable to monetize the benefits of the proposed amendments and rules, we do not report aggregate monetized

benefits. Benefits are discussed qualitatively above. To aggregate these monetized effects we use estimates of the number of affected parties/filings⁵⁰⁹ and burdens under the Paperwork Reduction Act in Section VI. Proposed Rule 17ad–31(c) would provide transfer agents with two methods for developing the reasonable basis required under proposed Rule 17ad–31(b). Under proposed Rules 17ad–31(c)(1) and (c)(2), a transfer agent may do so by obtaining and reviewing an opinion of counsel that meets certain requirements.⁵¹⁰ Alternatively, a transfer agent may establish the required reasonable basis by making its own determination that the transaction may be conducted pursuant to a specific exemption from registration under proposed Rule 17ad–31(c)(3).⁵¹¹ A transfer agent that chooses to comply with proposed Rule 17ad–31(c)(3) would also incur costs to comply with the documentation

requirements of proposed Rule 17ad–31(d). As discussed in Section IV.B.4.b, some transfer agents, particularly larger transfer agents with experienced legal and compliance staff, may prefer to conduct their own analysis rather than rely on opinions from outside counsel. We assumed that the 10 largest transfer agents would use internal legal and compliance staff to perform the work required by proposed Rules 17ad–31(c)(3) and (d). Accordingly, the estimated number of transfer agents that would comply with proposed Rules 17ad–31(c)(3) and (d) is 10.⁵¹² We assumed that all other transfer agents, *i.e.*, 317, would choose to comply with Proposed Rules 17ad–31(c)(1) and (c)(2).⁵¹³

We estimate that the total aggregate initial monetized cost is \$78,132,960 and the total aggregate annual monetized cost is \$27,776,470.

TABLE 17—AGGREGATE MONETIZED COSTS
[2026 dollars]

Requirement	Initial cost per affected entity/filing (A)	Annual cost per affected entity/filing (B)	Estimated number of affected entities/filings (C)	Aggregate initial cost (D) [(A) × (C)]	Aggregate annual cost (E) [(B) × (C)]
Form TA–1	n/a	^a \$1,500	^b 342	n/a	\$513,000
Form TA–2	n/a	^c 3,900	^b 327	n/a	1,275,300
Rule 17ac2–2	n/a	^d 1,500	^b 2	n/a	3,000
Rule 17ad–2	^e 34,000	^e 8,500	^b 327	11,118,000	2,779,500
Rule 17ad–3	n/a	^f 670	^b 5	n/a	3,350
Rules 17ad–6 and 17ad–7	^g 1,000	^g 3,100	^b 327	327,000	1,013,700
Rule 17ad–7 (additional records)	^h 480	^h 1,500	^b 327	156,960	490,500
Rule 17ad–12	ⁱ 7,900	ⁱ 2,000	^b 327	2,583,300	654,000
Rule 17ad–13 (small transfer agents)	n/a	^j 40,000	ⁱ 16	n/a	640,000
Rule 17ad–17(a)(3)	^k 7,500	^k 840	^b 305	2,287,500	256,200
Rule 17ad–17 (c)(1)	n/a	^l 670	^b 3,106	n/a	2,081,020
Rules 17ad–17(d)	^m 15,000	^m 3,900	^b 3,291	49,365,000	12,834,900
Rule 17ad–30	ⁿ 31,000	ⁿ 7,700	^b 327	10,137,000	2,517,900
Rule 17ad–31 (opinion of counsel)	^o 6,600	^o 8,300	^p 317	2,092,200	2,631,100
Rule 17ad–31 (own determination)	^q 6,600	^q 8,300	^r 10	66,000	83,000
Total				78,132,960	27,776,470

Notes:

^a See *supra* note 428.

^b See *infra* Section VI.

^c See *supra* note 430.

^d See *supra* note 424.

^e See *supra* note 443.

^f See *supra* note 444.

^g See *supra* note 460.

^h See *supra* note 470.

ⁱ See *supra* note 485.

^j See *supra* note 459.

^k See *supra* note 488.

^l See *supra* note 489.

^m See *supra* note 491.

ⁿ See *supra* note 494.

^o See *supra* note 507.

^p See *supra* note 504.

^q See *supra* note 508.

⁵⁰⁹ See *supra* Section V.B.

⁵¹⁰ See proposed Rule 17ad–31(c)(2).

⁵¹¹ See proposed Rule 17ad–31(c)(3).

⁵¹² See *supra* note 506.

⁵¹³ See *supra* note 504.

^r See *supra* note 506.

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–4.⁵¹⁴ The two presentations are intended to address the fact that the various benefits and costs of the proposed amendments and rules 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.⁵¹⁵

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.⁵¹⁶ 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.⁵¹⁷

Table 18 reports the present values of the aggregate monetized costs from Table 17, combining one-time and recurring monetized costs. The analysis uses annual real discount rates of 3 percent and 7 percent over a 10-year time horizon, starting in 2026.⁵¹⁸ We estimate that the present value of total monetized costs is \$318,599,704 using a 3 percent discount rate and \$279,935,938 using a 7 percent discount rate. As discussed above, we are not able to monetize benefits, and as a result we cannot calculate a present value for total monetized benefits.

TABLE 18—PRESENT VALUE OF AGGREGATE MONETIZED BENEFITS AND COSTS OVER 10 YEARS FROM 2026 TO 2035
[2026 dollars]

	Estimated effects ^a	3% Real discount rate	7% Real discount rate
Benefits		n/a	n/a
Costs		\$318,599,704	\$279,935,938

Notes:

^a For each discount rate, the present value calculations are based on these assumptions: benefits of the proposal are not monetizable, aggregate initial costs are \$78,132,960, and aggregate annual costs are \$27,776,470 per year (see Table 17), and that (i) all one-time monetized implementation costs are incurred immediately and not discounted; and (ii) recurring annual monetized costs begin to accrue in the year in which affected entities first comply. In (ii), we assume that monetized costs occur in a steady stream, and we use a mid-year discount rate.

Table 19 reports annualized aggregate monetized benefits and costs using real discount rates of 3 percent and 7 percent over a 10-year horizon.⁵¹⁹ The lump sum present values of aggregate monetized benefits and costs reported in Table 18 are converted in Table 19 into a constant stream of annualized benefits and costs over a 10-year time horizon, starting in 2026.⁵²⁰ 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.⁵²¹ We estimate that annualized total monetized costs are \$36,801,659 per year using a 3 percent discount rate

and \$38,530,810 per year using a 7 percent discount rate. As discussed above, we are not able to monetize benefits, and as a result we cannot calculate annualized total monetized benefits. Because the annualized costs are discounted and include both initial and annual costs, they should not be compared directly to the aggregate annual monetized costs in Table 17.

⁵¹⁴ See E.O. No. 12866 (Sept. 30, 1993), 58 FR 51735, 51741 (Oct. 4, 1993) (requiring agencies to provide an analysis of benefits, costs, and regulatory alternatives to OIRA for significant regulatory actions); OMB, Circular A–4, at 31–34, 45 (Sept. 17, 2003) (providing guidance to agencies regarding compliance with E.O. 12866); see also E.O. No. 14215 (Feb. 18, 2025), 90 FR 10447, 10448 (Feb. 24, 2025) (requiring independent agencies to comply with E.O. No. 12866). In addition, E.O. 14192 requires agencies to provide their best approximation of the total costs or savings associated with each new regulation or repealed regulation consistent with the analyses required by E.O. 12866. See E.O. No. 14192 (Jan. 31, 2025), 90 FR 9065, 9066 (Feb. 6, 2025). Although Circular A–4 applies to only significant regulatory actions under section 3(f) of E.O. 12866 and OIRA has determined this rulemaking is not significant, we are providing these additional analyses in this release to promote transparency and comparability of aggregate monetized benefits and costs across our rulemakings. See *infra* Section IX. 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 19 and accompanying discussion.

⁵¹⁵ See Circular A–4, at 32.

⁵¹⁶ See *id.* at 31 (stating that “[t]he ending point should be far enough in the future to encompass all the significant benefits and costs likely to result from the rule”). For the purposes of this analysis, we assume the effective date of the proposed amendments and rules, 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 b in Table 18).

⁵¹⁷ 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”).

⁵¹⁸ 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) (stating that, “When costs and benefits occur in a steady stream, applying mid-year discount factors is more appropriate.”).

⁵¹⁹ 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”).

⁵²⁰ For each discount rate, the annualized monetized benefits (costs, respectively) in Table 19 represent the constant annual stream of benefits (costs, respectively) whose present value over the time horizon equates the corresponding present value in Table 18. See note b, Table 19 for additional calculation details.

⁵²¹ The annualized benefits and costs present these values over the 10-year time horizon, starting in the present year even as recurring annual benefits and costs begin to accrue at a later date due to compliance periods.

TABLE 19—ANNUALIZED AGGREGATE MONETIZED BENEFITS AND COSTS OVER 10 YEARS FROM 2026 TO 2035
[2026 Dollars]

Estimated effects ^a	3% Real discount rate	7% Real discount rate
Benefits	n/a	n/a
Costs	\$36,801,659	\$38,530,810

Notes:

^a For each discount rate, the annualized values are calculated by dividing the corresponding present values in Table 18 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. Efficiency, Competition, and Capital Formation

1. Competition

This section discusses the Commission's consideration of whether the proposed rulemaking will promote competition, and in particular how the proposal may have anticompetitive effects, the differential effects of the proposal on different groups of transfer agents, and the ways in which elements of the proposal may enhance competition.

a. Anticompetitive Effects of Amendments That Increase Compliance Burdens

The compliance burden associated with certain proposed rules and amendments may reduce competition. The proposal likely would impose compliance burdens on registered transfer agents.⁵²² Some registered transfer agents may be unable to bear the combined burdens of the proposed rules and rule amendments and may choose to exit the transfer agent industry. Alternatively, registered transfer agents may choose to combine with other registered transfer agents through mergers or acquisitions if they believe that the economies of scale flowing from such combinations could help offset the compliance burdens. Other registered transfer agents may choose to restructure their business activities by scaling back these activities across their entire clientele or avoiding serving certain clients. The compliance burdens associated with the proposed rules and rule amendments also might act as a barrier to potential new entrants into the transfer agent industry. To the extent that exits and mergers and acquisitions occur, the provision of transfer agent services is scaled back or withheld from certain clients, and potential entrants refrain from entering the transfer agent industry, the number of registered transfer agents may fall and competition between them could be reduced. A less competitive transfer agent industry could see incumbent registered transfer agents increasing fees

charged to clients, reducing the quantity and quality of services provided to clients, or both. Further, a less competitive transfer agent industry could make it easier for incumbent registered transfer agents to shift a bigger portion of their costs to their clients. These anticompetitive effects could be particularly severe in segments of the market that are served by a limited number of transfer agents.

Similarly, the proposed disclosures might impose a burden on competition for smaller transfer agents to the extent that they impose relatively fixed costs, which could represent a higher percentage of revenue for smaller transfer agents. Beyond the cost of completing and submitting the proposed disclosures, some transfer agents may be unable or unwilling to make the disclosures, and those transfer agents could consider exiting the market for transfer agent services. In addition to the direct compliance costs quantified above, reputational costs and direct burdens of disclosures, including those regarding conflicts of interest, subcontracting relationships, organizational structure and affiliates, books and records requirements, issues serviced, and others may impose significant and, possibly, prohibitive costs on some transfer agents. Such costs could lead to fewer transfer agents competing for business in the U.S. market.

The deleterious effects on competition that may result from the proposal might be limited for a number of reasons. For example, registered transfer agents would establish, maintain, and enforce written policies and procedures reasonably designed to ensure compliance with Rules 17ad-2(a) and 17ad-12(a) as proposed to be amended herein, and Rule 17ad-30. As discussed earlier,⁵²³ the flexibility afforded by a policies and procedures approach may encourage transfer agents to deploy new technologies and practices that may reduce their costs. Second, as discussed in Section V.C there are cost mitigation measures that registered transfer agents could use to reduce compliance costs.

Additionally, if a reduction in competition is driven in part by firms that are, for example, low in transparency, poor at regulatory compliance, or unable to assure operational resilience, the overall quality of transfer agent services may improve. This competitive cost could then be offset by corresponding benefits to capital formation or efficiency due to improved investor protection, more effective clearance and settlement, or more efficient matching between issuers and transfer agents, to the extent the remaining transfer agents have or increase capacity to accept new clients.

b. Effects on Competition Among Different Groups of Transfer Agents

Certain proposed rules may affect competition among different groups of transfer agents. For example, the costs of proposed disclosure, custody and conduct, and compliance requirements may have a differential impact on transfer agents already registered with the Commission as broker-dealers, registered investment advisers, or registered investment companies, or banking entities already subject to the supervision of prudential regulators, and those that are not. Such dually registered transfer agents may already have a compliance infrastructure with respect to their activities in other markets, potentially reducing incremental compliance burdens from the proposal compared to those without. On the other hand, smaller transfer agents with simpler operations are likely to face lower total compliance burdens, resulting in lower incremental costs imposed by the proposal given comparable initial compliance infrastructure, which may nevertheless be proportionally higher than larger but similarly complex transfer agents, placing the smaller ones at a competitive disadvantage. These effects may result in a less favorable competitive position especially for large or complex transfer agents that are not dually registered or otherwise currently required to have in place the particular compliance and safeguarding infrastructure contemplated by the proposal. However, larger transfer

⁵²² See *supra* section V.C.

⁵²³ See *supra* Section V.C.2.

agents may be able to partially offset higher absolute compliance costs through economies of scale, mitigating competitive disadvantages due to the proposal relative to smaller transfer agents with lower total compliance costs, but not relative to similarly sized transfer agents with existing compliance infrastructure.

2. Capital Formation

This section discusses the Commission's consideration of whether the proposed rulemaking will promote capital formation, and in particular the effects of some of the proposed amendments on capital formation through strengthened investor protections as well as the potential effects of the proposed requirements on access to transfer agent services and securities markets by small issuers.

a. Strengthened Investor Protections

As discussed earlier, a number of proposed rules and amendments would strengthen investor protections.⁵²⁴ For example, amending Rule 17ad-12 to, among other things, require transfer agents to have comprehensive risk management plans and business continuity plans in place would improve the protection of investor funds and data and their ability to access and trade assets when disruptive events occur. With greater investor protection, investors may increase their participation in the U.S. securities markets. Increased participation in the U.S. securities markets in turn could promote capital formation by helping issuers raise more capital and encouraging would-be issuers to seek capital by tapping the U.S. securities markets.

b. Access To Transfer Agent Services and Securities Markets by Small Issuers

The proposed provisions related to custody and conduct, such as proposed Rule 17ad-31, are likely to increase the costs to transfer agents of servicing issuers, particularly issuers with which the transfer agent has had no prior transactions, more opaque issuers, and issuers with institutional clientele more likely to rely on private party litigation to address harm caused by a transfer agent's failure to satisfy its obligations under the proposed rules. These proposed provisions may also limit the ability of transfer agents to facilitate certain transactions, which may decrease the potential range of issuers and transactions that some transfer agents may intermediate. If these effects result in transfer agents refraining from

servicing certain issuers, and those issuers are otherwise unable to retain transfer agent services, the proposed rule may come at a net cost to those issuers and would place them at a disadvantage relative to larger, more sophisticated competitors. To the extent that these issuers do not raise capital in the securities markets as a result of these effects, adverse effects on market participation and market quality may follow. Similarly, if the proposed disclosure requirements lead to fewer active transfer agents in the market facilitating clearance and settlement, these proposed requirements may result in issuers becoming less able to find and retain transfer agents or increase the cost of transfer agent services for issuers.

However, as noted in the economic baseline, many or most transfer agents serve at least some small issuers, including a majority of the top five transfer agents by issuers served. If the costs of the proposed amendments result in reduced competition in the transfer agent industry and many smaller transfer agents exit the market, small issuers would nevertheless be likely to be able to receive transfer agent services, albeit from larger and more sophisticated transfer agents. Notwithstanding the observation that large, and even the largest, transfer agents frequently provide services for smaller issuers, due to an unfavorable risk/reward calculation, they may not serve the smallest accounts, a pattern seen in other parts of the financial services industry such as money managers. These smallest issuers may have difficulty replacing smaller, exiting transfer agents currently serving them. However, small issuers that would most likely be unable to obtain transfer agent services as a result of proposed Rule 17ad-31 are those that engage in transactions that fail to meet a heightened due diligence standard for transfer agents of issuers. Finally, the potential reductions in capital formation in some securities may be accompanied by investor protection benefits discussed above.

3. Efficiency

This section discusses the Commission's consideration of whether the proposed rulemaking will promote efficiency, and in particular the proposal's effects on the efficiency of the clearance and settlement of securities transactions, the efficiency of the market for transfer agent services, and potential follow-on effects on the efficiency of securities markets more broadly.

a. Efficiency of Clearance and Settlement

Certain proposed rules and amendments may improve the efficiency of the clearance and settlement of securities transactions. For example, proposed amendments to Rule 17ad-12 may improve clearance and settlement efficiency by helping to ensure the uninterrupted provision of transfer agent services.⁵²⁵ As another example, the proposed rescission of Rule 17ad-4 may promote clearance and settlement efficiency by ensuring that the processing of additional categories of transactions (*i.e.*, transactions in LPs, DRIPs, Fund Shares, and transactions handled by small registered transfer agents) meet minimum performance standards for turnaround as specified in Rule 17ad-2 as proposed to be amended.⁵²⁶ Certain proposed rules and amendments, may result in additional compliance costs of processing transactions or increase the processing time, slowing down transactions. For example, proposed Rule 17ad-31 could result in additional cost and time spent processing the removal of restrictive legends, delaying potential transactions involving those securities.⁵²⁷ This need not be inefficient if the resulting expense and slowing of certain transactions help to prevent unregistered securities distributions.

b. Efficiency in the Market for Transfer Agent Services

The proposal may also enhance transparency and improve informational and allocative efficiency in the market for transfer agent services. The proposed disclosure requirements for transfer agents may reduce information asymmetries between transfer agents and issuers, particularly their less sophisticated issuer clients. To the extent that adverse selection costs are present in the market for transfer agent services, issuers and investors may become better informed and higher quality transfer agents may enter the market, improving market quality. To the extent that issuers consider disclosures under amended Rules 17ac2-1 and 17ac2-2 informative in selecting a transfer agent, the proposed amendments to Forms TA-1 and TA-2 may help market participants make more informed transfer agent choices. To the degree that the proposed disclosure requirements may increase information regarding risks and conflicts of interest, they may improve informational efficiency and quality-

⁵²⁴ See *supra* Section V.C.

⁵²⁵ See *supra* Sections V.C.4.h and V.C.5.c.

⁵²⁶ See *supra* Section V.C.4.b.

⁵²⁷ See *supra* Section V.C.5.b.

based competition among transfer agents.

Under the baseline, transfer agents with informational advantages over issuers may be able to extract information rents from issuers through, for example, charging higher fees, subcontracting, or price discrimination. The proposed disclosure requirements are designed to reduce these pre-existing information rents by improving issuers' ability to assess transfer agent quality and costs. To the extent that the proposed disclosure requirements succeed in informing issuers about the quality of transfer agent services and inform investors and issuers about the potential conflicts arising out of transfer agents' business structures, they may reduce the informational advantage of transfer agents and may decrease the profitability of their operations. As a result, these proposed disclosure requirements may reduce the incentives of some transfer agents to remain operational and the willingness of transfer agents to service certain types of issuers. This result need not be inefficient, insofar as these issuers can be serviced by other transfer agents or exits and restrictions reflect correction of market distortions such as those arising from information asymmetries.

The proposal's enhanced disclosures may improve access to information, and may attract new, potentially higher quality, entrants into the market for transfer agent service providers due to increased ability to signal relative quality or to fill the gap created by lower quality transfer agents exiting the market. This effect, however, could be limited by the costs the enhanced disclosures impose on potential new entrants to the transfer agent marketplace to the extent these costs operate as a barrier to entry. Enhanced disclosures may, therefore, improve the average quality of transfer agents in the market by deterring low-quality entrants and incentivizing quality-based competition, which could improve the ability of issuers to retain high-quality transfer agent services and enhance the efficiency of the capital allocation.

c. Efficiency in Securities Markets

The proposal's effects on the efficiency of clearance and settlement and on investor protections may have downstream effects on efficiency in securities markets. Specifically, more robust transfer agent operations may reduce the likelihood of settlement disruptions. For example, Rule 17ad-12 as proposed to be amended may reduce the risk of disruptions related to the commingling of securities and funds or cybersecurity or other risks and

proposed Rule 17ad-31 may protect investors from illegal distribution of securities, together protecting issuers from certain clearance and settlement failures by transfer agents. As referenced above, less sophisticated investors may value counterparty protections and smaller issuers may have less bargaining power in the market for transfer agent services. In such a setting, the proposal may enhance the quality of transfer agent services provided, may increase the amount of due diligence that transfer agents perform on transactions, and may protect investors from settlement disruption, loss of funds and securities, illegal distribution of securities, and failures in transfer agent activities generally. As a result, the proposal may attract less sophisticated investors into securities markets and have the potential to increase the efficiency of capital allocation by some investors.

Proposed Rule 17ad-30 may strengthen compliance with federal securities laws and Commission rules, facilitating prompt and accurate clearance and settlement of securities transactions and enhancing investor protections. To that extent, the proposed rule may increase the willingness of some investors to participate in capital markets.

E. Reasonable Alternatives

1. Alternative to Proposed Form TA-1 Disclosure Requirements

a. Confidential Reporting of Organizational Chart

An alternative to requiring transfer agents to disclose their organizational structures publicly in Form TA-1 would be to permit confidential reporting to the Commission. Confidential reporting could reduce concerns about revealing proprietary information, lessen potential competitive disadvantages for smaller or less diversified transfer agents, and mitigate reputational, competitive, or legal risks associated with such public disclosure. However, confidential reporting would limit the ability of issuers and investors to identify conflicts of interest, assess governance and operational risks, and compare transfer agents on an informed basis, thereby reducing the proposal's intended benefits of enhanced transparency and improved selection of transfer agents. In addition, limiting disclosure to the Commission would not meaningfully reduce compliance burdens, because transfer agents would still incur the costs of preparing and updating organizational structure information. In light of these concerns,

the proposed approach is preferable to the alternative.

2. Alternatives to Proposed Form TA-2 Disclosure Requirements

a. Granular Disclosure of Technologies Employed

The Commission considered requiring more detailed disclosure concerning the use of physical certificates, distributed ledger technology, and recordkeeping systems used. This could be accomplished by requiring that the attached list of issues serviced indicates for each security during the reporting period: whether physical certificates were used; whether the master securityholder file was maintained using distributed ledger technology; and the name(s) of any recordkeeping system or technology used to maintain the security's master securityholder file. This information would provide the Commission, other ARAs, issuers, third-party users of transfer agent services, and other transfer agents better insight into how physical certificates, distributed ledger technology, and recordkeeping systems or technologies are being used and their ability to track the characteristics of securities for which transfer agent services are provided using physical certificates, distributed ledger technology, and recordkeeping systems or technologies. However, the alternative could result in significant initial costs to transfer agents to build the infrastructure necessary to track and report at the security level. They could also face significant ongoing costs to implement the tracking and report the results for each filing of Form TA-2. The Commission considers that in this case, the balance of costs and the value of the information that would be disclosed favors the proposed approach.

b. Limit New Disclosures to Tokenized Securities and Distributed Ledger Technology

The Commission considered limiting new disclosures to tokenized securities as a category in Questions 5, 6, and 7; the number of master securityholder files maintained using distributed ledger technology; and the names of any blockchains used for maintaining master securityholder files during the reporting period. This would result in lower compliance costs imposed on transfer agents relative to the proposal. These alternative proposed disclosures may enhance the ability of issuers to understand and compare the businesses of various transfer agents insofar as they involve tokenized securities, distributed ledger technology, and blockchains. However, as discussed in Section II.D,

the Commission considers disaggregated information concerning service provision by security type and distributions sufficiently valuable to its oversight and policymaking processes to justify those disclosures. Similarly, information concerning employees, contractors, service providers, and activity types would be sufficiently valuable to regulators in overseeing the industry, issuer clients, and investors to justify the associated compliance costs. Accordingly, the proposed approach is preferable to this alternative.

c. Limited Disclosures by Small Transfer Agents

The Commission considered requiring small transfer agents, *i.e.*, those that received fewer than 1,000 items for transfer in the reporting period and did not maintain master securityholder files for more than 1,000 individual securityholder accounts as of December 31 of the reporting period, to report only a subset of the proposed items. Under this alternative, small transfer agents would be required to report only aggregate numbers for DRS, DRP, and DPP accounts and the new tokenized security and distributed ledger technology disclosures, rather than the proposal's requirement to separately report DRS, DRP, and DPP account numbers for several security types.⁵²⁸ This alternative could substantially reduce disclosure costs for small transfer agents. However, the Commission and other ARAs would lack information that would support regulatory oversight, such as what types of securities are served by small transfer agents. Issuers, third-party users of transfer agent services, and other transfer agents might also be disadvantaged by not having this information. Further, generally available and affordable recordkeeping technology should help small transfer agents to comply with the proposed Form TA-2 disclosure requirements without facing unreasonable costs. Accordingly, the proposed approach is preferable to this alternative.

3. Alternative To Proposed Amendments to Rule 17ad-9

a. Principles-Based Approach to Data Collected in Position Detail

The Commission considered the alternative of providing principles-based requirements of components of position detail in Rules 17ad-9(a)(3)-(4). Specifically, the Commission considered requiring under Rule 17ad-9(a)(3) only the information reasonably

necessary to accurately identify the specific securityholders to the exclusion of other securityholders. As another alternative to proposed Rule 17ad-9(a)(3), the Commission considered requiring that the transfer agent collect some unique identifying information that can be tied to an individual's name and address, which could include, for example, the name and physical mailing address or some other unique identifier. As an alternative to proposed Rule 17ad-9(a)(4), the Commission considered omitting the physical mailing address as a minimum requirement and instead requiring a principles-based approach that would require the collection of only the information reasonably necessary to establish contact with the securityholder.

Such principles-based rules would enable transfer agents to fulfill the requirements using whatever means and information they find most applicable, convenient, and cost-efficient while enabling the unique identification of securityholders and establishment and maintenance of contact with them. Principles-based rules might also enable flexibility to adapt if changing technology or broader business practices result in a further shift away from names and mailing addresses as key information relevant to the performance of transfer agent functions. Such developments could include, for example, more prevalent use of pseudonymous wallet addresses as identifying information or email addresses more fully displacing physical mailing addresses as the relevant and preferred means to ensure delivery of communications to an intended recipient.

Establishing a uniform minimum standard of data inclusion in position detail would better enable a consistent minimum standard ensuring unique identification and ability to contact securityholders, while enabling transfer agents to exceed such minimums as best enables their preferred processes.

The Commission acknowledges that the costs and benefits of this alternative could vary among transfer agents based on, among other factors, their size, existing processes and technology, types of securities and customer accounts served. Additionally, the Commission acknowledges that the aggregate costs and benefits will vary based on the number of new entrants. The Commission invites comment on this alternative.

4. Alternatives to Proposed Amendments to Rule 17ad-2

a. Prescriptive Performance Standards for Turnaround and Processing Applicable Items

The Commission considered the alternative of providing prescriptive performance standards for the turnaround and processing of applicable items in Rules 17ad-2(a) and 17ad-2(b). This alternative would simplify compliance by providing transfer agents with bright-line benchmarks with which to comply, reducing any need for, and any associated costs of, interpretive discretion. Prescriptive performance standards could reduce interpretive burdens and provide the Commission and other ARAs with a clearer metric for assessing compliance. Transfer agents, particularly smaller entities, would not need to devote resources to drafting, maintaining, and updating written policies and procedures. This could lower compliance costs, especially for firms with limited legal or compliance staff.

However, the alternative raises a number of concerns. First, a prescriptive approach may not accommodate the diversity of transfer agent business models, operational structures, and technological capabilities. Without the flexibility to tailor compliance approaches, some transfer agents may be forced to adopt inefficient or ill-suited practices simply to meet the performance standards. Second, written policies and procedures provide transfer agents with a framework for continuous improvement and adaptation. The alternative may hinder transfer agents' ability to adapt to evolving technologies and market practices. Third, written policies and procedures help ensure consistent, reliable performance and facilitate early identification and remediation of issues. Absent written policies and procedures, transfer agents may be more likely to experience operational lapses or repeated failures. In light of these concerns, the proposed approach is preferable to this alternative.

b. Three Business Day Deadline for Written Notification

The Commission considered an alternative to proposed Rule 17ad-2(e)(2) whereby transfer agents would be required to notify presentors of items rejected by the transfer agents within three business days, rather than within one business day as proposed. This alternative would be less burdensome for transfer agents by providing additional time to determine the reasons for rejection, prepare written

⁵²⁸ See *supra* Section II.D.

notifications, and review materials for accuracy. Smaller transfer agents or those experiencing elevated volumes of transfer requests may experience reduced operational strain under this approach.

However, extending the notification period may delay presentors' ability to correct defects and resubmit items, thereby prolonging the overall turnaround process. These delays could, in turn, increase the risk of settlement disruptions and lengthen the period during which investors remain exposed to market risk associated with delayed settlement. To the extent that delayed notification impedes timely turnaround or processing of items, this alternative could limit the proposal's intended benefits regarding efficiency, transparency, and investor protection.

The proposed one business day requirement better supports prompt and accurate clearance and settlement of securities transactions, particularly given current T+1 settlement cycles and is preferable to this alternative.

5. Alternative to Proposed Amendment to Rule 17ad-3

a. Rescinding Rule 17ad-3

The Commission considered the alternative of rescinding Rule 17ad-3 entirely rather than amending the threshold in paragraph (b) of the rule. The alternative may generate cost savings for transfer agents because they would no longer incur costs to comply with the rule's requirements. In particular, the rescission of Rule 17ad-3(b) would mean that a transfer agent that fails to meet certain performance standards for two consecutive months would not be required to notify the chief executive officers of affected issuers. Further, transfer agents that fail to meet performance standards set forth in the rule could continue to take on new issues or provide new services for existing issuer clients, while they address performance failures. The ability to simultaneously expand and address performance failures would be particularly beneficial to smaller transfer agents and new entrants to the industry. Thus, the alternative could foster competition provided that transfer agents that would otherwise be affected by Rule 17ad-3 could expeditiously address their performance failures and return to compliance with the turnaround and processing performance standards.

However, this alternative has certain costs. First, under this alternative, issuers may choose to employ other methods to receive early warning about performance failures by their transfer

agents, which could entail additional costs. Second, the lack of early warning could hinder issuers' ability to expedite the resolution of such failures with their transfer agents. Third, the alternative may limit an underperforming transfer agent's incentive to expeditiously address performance failures and also limit the incentives of all transfer agents to deploy sufficient resources to avoid performance failures. The Commission acknowledges that the costs and benefits of this alternative could vary based on the size of the transfer agent and the number of new entrants. The Commission invites comment on this alternative.

6. Alternatives to Proposed Amendments to Rules 17ad-7 and 17ad-10

a. Provision of Both Paper and Electronic Copies of Records in Rule 17ad-7

Proposed Rule 17ad-7(g) would require transfer agents to provide promptly upon demand from the representatives of the Commission or other ARA staff a legible, true, complete, and current copy of any retained record in a reasonably usable electronic format.⁵²⁹ The Commission considered the alternative of requiring both paper and electronic copies of records to be provided. This alternative would offer redundancy and potentially greater assurance of record accessibility in the event of a technological failure or data corruption. However, this approach would impose significant operational burdens and costs on transfer agents, especially when a high volume of records is requested by the representatives of the Commission or another ARA. The proposed approach is preferable to the alternative because it reflects modern business practices (thereby avoiding additional compliance costs), leverages the reliability and accessibility of electronic systems, and ensures that records are readily available for inspection or audit without mandating duplicative processes.

b. Alternative Timing Requirements for Communications Between Co-Transfer Agents and Recordkeeping Transfer Agents

As an alternative, the Commission considered aligning the timing requirements in paragraphs (c)(1) and (d) of Rule 17ad-10 with the proposed timing requirements in Rules 17ad-2(a) and 17ad-10(a)(2)(i) as amended, rather than proposing just a one business day timing requirement for paragraphs (c)(1)

and (d) of Rule 17ad-10. The alternative would have the advantage of maintaining alignment of the timing of communications between co-transfer agents and recordkeeping transfer agents with the standard securities settlement cycle should it change as well as with Rules 17ad-2 and 17ad-10, thereby providing flexibility to accommodate future changes in the settlement period without further rulemaking. Such an approach could reduce the risk of regulatory misalignment if the settlement cycle is shortened or otherwise modified, and might offer operational efficiencies for transfer agents that already synchronize their processes with the settlement cycle. However, the alternative may jeopardize the accuracy of securityholder records and weaken investor protection. Co-transfer agents may not have sufficient time to accurately provide records of credits and debits to or address inquiries regarding such records from the recordkeeping transfer agent. Inaccuracies in such records or responses could in turn compromise the accuracy of an issuer's securityholder records and prevent securityholders from receiving all appropriate corporate distributions and communication. In light of this concern, the alternative is rejected in favor of the proposed approach, which strikes an appropriate balance between timeliness and accuracy in communications between co-transfer agents and recordkeeping transfer agents.

7. Alternatives to Proposed Amendments to Rule 17ad-12

a. Prescriptive, Minimum-Standards Framework

One alternative considered by the Commission was to propose prescriptive minimum requirements (instead of the principles-based risk management standards as proposed)—for example, by mandating specific cybersecurity controls, fixed oversight processes for vendors, required redundancies for business continuity, and explicit internal control checklists. A prescriptive framework may provide greater certainty to transfer agents and reduce interpretive burdens by offering concrete, uniform benchmarks for compliance. Such an approach could also streamline oversight by reducing the need for ARAs to evaluate the reasonableness of risk management policies and procedures in light of each transfer agent's individualized operations. Nonetheless, this alternative would impose substantial inflexibility, possibly requiring some transfer agents to adopt controls unnecessary for their

⁵²⁹ See proposed Rule 17ad-7(g).

size or risk profile while failing to accommodate operational diversity across the industry. If transfer agents were to adopt controls unnecessary for their size or risk profile, they likely would incur additional compliance costs without realizing any benefits in terms of improved risk management. Moreover, a prescriptive rule that includes references to specific technologies may become quickly outdated as technology and risks evolve. Thus, the proposed principles-based approach in Rule 17ad–12 is preferable to the alternative.

b. Segregation Requirement Limited to Issuer Funds Only

Under this alternative, Rule 17ad–12(b) would require only segregation of issuer funds, allowing securityholder and other customer funds to remain commingled with the transfer agent's operating accounts. For transfer agents serving a large number of securityholders and other customers, this alternative could reduce administrative complexity and lower compliance burdens by reducing the number of accounts a transfer agent must establish, monitor, and reconcile. In addition, the alternative may reduce operational complexity for transfer agents that maintain high volumes of small value transactions by securityholders and other customers. Despite these advantages, the disadvantages of this alternative are significant. Securityholder funds and other customer funds would remain vulnerable to loss, misuse, operational failure, and delays in recovery should a transfer agent encounter financial distress, experience internal control failures, or suffer a cybersecurity event. Because securityholder funds often relate to dividend payments, redemptions, or other distributions owed directly to individual investors, failing to segregate these funds may expose investors to heightened risk of loss or delay. This alternative also may create inconsistent recovery expectations across categories of customers, potentially undermining investor confidence and creating confusion regarding the obligations owed to different types of customers. In light of the above, the comprehensive segregation requirement in the proposed rule better aligns with the safeguarding and resiliency objectives of Rule 17ad–12.

c. Partial Business Continuity Plan Requirements

Under this alternative, the Commission would require transfer agents to comply with proposed Rule

17ad–12(c)(i)–(iii) but exclude the requirement that business continuity plans be tested, reviewed, and updated no less frequently than annually. This alternative would reduce compliance burdens, particularly for smaller transfer agents that may lack the resources to undertake regular testing, review, and updating of their business continuity plans. However, the alternative would leave transfer agents with weaker preparedness for disruptions because the business continuity plan would not account for changes in a transfer agent's business and operating environment, including technological advancements. This concern may be particularly significant for those transfer agents that are growing their businesses and taking on a wider range of risks as a result. Accordingly, the proposed approach is preferable because it better aligns with the need for timely recovery and resumption of core transfer agent activities and provides more robust protection to issuers, investors, and the broader national clearance and settlement system.

8. Alternatives to Proposed Amendments to Rule 17ad–17

a. Permit Escheatment After Partial Completion of Federal Search Requirements

As an alternative to the proposed amendment to Rule 17ad–17, the Commission considered allowing transfer agents and broker-dealers to remit, release, or otherwise provide funds or securities to the states after they have completed the first of two database searches required by Rule 17ad–17(a)(1).⁵³⁰ The alternative has a few advantages. First, it may lower compliance costs and administrative burdens for transfer agents compared to conducting two database searches as required by Rule 17ad–17(a)(1). Second, it balances federal and state interests by requiring some federal search efforts before escheatment, but not the full process. Third, states could receive unclaimed property sooner, potentially benefiting state unclaimed property programs. However, the alternative raises two concerns. Investor protection would be weakened because securityholders may lose access to their property before the two database searches required by Rule 17ad–17(a)(1) are made. The alternative could increase the likelihood of legal disputes wherein securityholders might challenge states' escheatment decisions if not all federal requirements are met or securityholders

may take legal actions against transfer agents for not completing the two database searches. Legal disputes would increase uncertainty regarding the status of securityholders' property and impose legal costs for securityholders, states, and transfer agents. In light of these concerns, the proposed approach is preferable to this alternative.

b. Allow for a Waiver

This alternative would retain the proposed amendment to Rule 17ad–17, but allow transfer agents to apply for a waiver from the Commission pursuant to which they would comply instead with their relevant state's escheatment laws (assuming the Commission finds the state law provides at least equivalent investor protections compared to Rule 17ad–17). This alternative has three advantages. First, it could help strengthen investor protection by ensuring that only those transfer agents operating in states whose escheatment laws provide equivalent (or stronger) investor protections than Rule 17ad–17 receive a waiver. Second, the alternative would provide flexibility to the extent that transfer agents already complying with certain states' laws could continue their related activities, provided the state law provides investor protections equivalent to or stronger than those afforded by Rule 17ad–17. Third, the alternative could encourage innovation because transfer agents and broker-dealers might develop new approaches to reunite owners with property, potentially fostering best practices. However, the alternative has certain costs. First, the waiver process likely would require significant Commission resources to evaluate and monitor state escheatment laws. Second, the waiver process might introduce delays and uncertainty for both transfer agents and securityholders. During the Commission's review of a waiver request, there might be inconsistent application of Rule 17ad–17, potentially weakening investor protection. The Commission acknowledges that the costs and benefits of this alternative could vary depending on the nature of the waiver. The Commission invites comment on this alternative.

c. Using All Available Contact Information

The Commission considered requiring transfer agents and broker-dealers to make at least two attempts to reestablish contact with a lost securityholder using all reasonably available contact information, including phone numbers, email addresses, digital wallet addresses, and physical mailing addresses in lieu of requiring transfer

⁵³⁰ Rule 17ad–17(a)(1) requires a transfer agent or broker-dealer to conduct two database searches to locate a lost securityholder. See Rule 17ad–17(a)(1).

agents and broker-dealers to perform database searches under existing Rule 17ad-17(a)(1). The alternative has a number of advantages. First, the alternative could increase the likelihood of successfully reaching securityholders by requiring at least two attempts to reestablish contact using multiple communication channels, including via the use of channels other than physical address, which may be more carefully monitored by securityholders. Second, the alternative would more closely align with the amended definition of lost securityholder, under which a securityholder could become a lost securityholder whenever an item of correspondence that was sent to the securityholder has been returned as undeliverable, regardless of whether the address where the item was sent was contained in the transfer agent's master securityholder file or customer security account records of the broker or dealer. Third, the alternative may be more durable if technological changes render the use of physical mailing addresses and related database searches less relevant or effective for reestablishing contact with lost securityholders. Fourth, the alternative could reduce compliance burdens to the extent that transfer agents and broker-dealers build systems to comply with the alternative and choose to extend such systems to also comply with the notification requirement of proposed Rule 17ad-17(a)(3), rather than build *de novo* systems solely for complying with proposed Rule 17ad-17(a)(3). Fifth, the "reasonably available" standard could help ensure that contact with a lost securityholder is reestablished, while providing transfer agents and broker-dealers the flexibility to choose the most appropriate communication channels. This flexibility may also support the development of new capabilities by transfer agents and broker-dealers, such as transferring tokenized securities that are transacted on blockchain networks, without requiring the collection of a physical address prior to enabling transfer. However, the alternative could pose certain challenges. First, aspects of the alternative might hamper consistent compliance among transfer agents and broker-dealers. The application of the "reasonably available" standard may vary across transfer agents and broker-dealers. Some registrants maintain extensive digital contact information, while others may not. In addition, registrants may interpret and comply with the "at least two attempts" requirement differently. Some may treat this requirement as prescriptive and make only two attempts to reestablish

contact, while others may choose to make more than two attempts. Some registrants in the latter group may choose to seek legal advice as to how many attempts beyond the two minimum are sufficient to satisfy their compliance obligations. The lack of uniformity in compliance could lead to varying degrees of success in contacting lost securityholders across transfer agents and broker-dealers and consequently, disparate levels of investor protection. Second, to the extent that messages from a transfer agent or broker-dealer are inadvertently treated by the lost securityholder as nuisance messages (e.g., mistaken for junk email or text messages) and thus ignored, the alternative may not meaningfully increase the likelihood of reestablishing contact with the lost securityholder relative to the baseline. The Commission acknowledges that the costs and benefits of this alternative could vary depending on the operational capability of transfer agents and broker-dealers, the contact information collection practices of transfer agents and broker-dealers, and the response of securityholders to outreach via different communication channels, among other things. The Commission invites comment on this alternative.

9. Alternative to Proposed Rule 17ad-30

In formulating proposed Rule 17ad-30, the Commission could have proposed exempting transfer agents dually registered as registered investment companies, registered investment advisers, broker-dealers, and banking entities from the scope of the proposed rule. The alternative would eliminate the compliance burdens associated with the proposed rule for such dual registrants. However, the Commission is concerned that the alternative would create or foster inconsistency across transfer agents, which in turn may jeopardize investor protection, impede clearance and settlement, and generate broader negative effects for the securities markets. The proposed approach is preferable because it would apply a uniform baseline compliance requirement for all registered transfer agents and avoid regulatory inconsistencies. At the same time, the proposed policies and procedures approach would provide dual registrants the flexibility to determine the most efficient compliance methodologies given their dual registration status and help mitigate compliance duplication.

10. Alternative to Proposed Rule 17ad-31

a. Annual Issuer Certification of Authorized Representatives

Under this alternative, a transfer agent could rely on an annual certification from the issuer identifying authorized representatives, rather than maintaining a current list of authorized representatives as proposed. The alternative could lower compliance burdens for issuers and transfer agents by limiting ongoing verification obligations and eliminating the need to track incremental changes throughout the year. However, the disadvantages outweigh these potential reductions in compliance burdens. Relying on a static annual certification introduces substantial risk that a transfer agent would act on outdated or revoked authorizations, increasing the likelihood of prohibited activities such as improper issuances or unauthorized legend removals. An outdated certified list may delay the legal distribution of securities if the instruction to do so comes from a recently authorized issuer representative who is not found on that list. The alternative is less preferable to the proposed approach because the alternative would not provide the timely, transaction-specific safeguards necessary to prevent misuse of issuer authority, support legal distribution of securities, and could undermine investor protection, particularly in fast-moving environments where authorized representatives change frequently.

F. Request for Comment

The Commission is requesting comment regarding the economic analysis set forth here. To the extent possible, the Commission requests that market participants and other commenters provide supporting data and analysis with respect to the benefits, costs, and effects on competition, efficiency, and capital formation of adopting the proposed amendments or any reasonable alternatives. In addition, the Commission asks commenters to consider the following questions:

141. What additional qualitative or quantitative information should the Commission consider as part of the baseline for its economic analysis of the proposal?

142. What additional considerations can the Commission use to estimate the costs and benefits of implementing the proposal?

143. Is it likely that certain potential benefits associated with the proposal will not accrue to certain groups of transfer agents because of the nature of

their activities or because of new conditions or restrictions the proposal would impose on these activities? Why or why not? Are there other benefits or costs associated with the proposal that will impact certain groups of transfer agents differently than other groups?

144. Has the Commission considered all relevant aspects of the proposal? Has the Commission accurately described the costs and benefits of the proposal? Why or why not? Please identify any other benefits associated with the proposal that the Commission has not identified. Please identify any other costs associated with the proposal that the Commission has not identified. If possible, please provide quantification or data that would support quantification of such effects.

145. The Commission requests comment on the discussed reasonable alternatives, including the relative costs and benefits and effects on efficiency, competition, and capital formation compared to the proposed rule.

146. Are there any additional reasonable alternatives that the Commission should consider? If so, please identify such alternatives and any economic effects associated with such alternatives. If possible, please provide quantification or data that would support quantification of such effects.

147. What quantitative or qualitative information is there concerning sensitivities of issuers and third parties to fees, how transfer agents take these sensitivities into account when setting fees, and the extent to which transfer agents prefer to keep fees constant?

148. In connection with the amended definition of master securityholder file in proposed Rule 17ad-9, specifying that it must be maintained in electronic form, how many transfer agents currently maintain master securityholder files in paper form? What is the estimated magnitude of migration costs, including data migration, systems development, and staff training?

149. In connection with the amended definition of recordkeeping transfer agent in proposed Rule 17ad-9, how many transfer agents maintain a master securityholder file jointly with another transfer agent? What is the estimated magnitude of transition costs to maintenance of such master securityholder file by a single recordkeeping transfer agent?

150. In connection with the amended definition of record difference in proposed Rule 17ad-9, how frequently would transfer agents likely discover record differences stemming from discrepancies between the transfer journal and the master securityholder

file over a one-year period? Would such record differences be more difficult to resolve than existing ones, such that transfer agents would be required to file additional Rule 17ad-11 aged record difference reports? If possible, please provide quantification or data that would support quantification of the number of additional Rule 17ad-11 aged record difference reports and the costs they may incur.

151. In connection with the proposed amendments to Rules 17ad-2(a) and 17ad-2(b), how many transfer agents may incur costs to acquire the operational capability to turnaround and process all routine items received during a month within the timeframes specified in these amended rules? What would be the magnitude of such costs? If possible, please provide quantification or data that would support quantification of the number of transfer agents and the costs they may incur.

152. In connection with the proposed amendments to Rules 17ad-2(c) and 17ad-2(d), how many transfer agents may incur costs to build a system that monitors when their performance triggers the proposed three percent notification threshold for turnaround and processing, respectively. What would be the magnitude of such costs? If possible, please provide quantification or data that would support quantification of the number of transfer agents and the costs they may incur.

153. Would the proposed amendments to Rules 17ad-2(c) and 17ad-2(d) increase, decrease, or leave unchanged the number of notices that transfer agents have to prepare and file with the Commission and other ARAs? What would be the change in compliance costs associated with an increase or decrease in the number of notice filings? Would smaller transfer agents be more or less likely to see an increase in notice filings than larger transfer agents? If possible, please provide quantification or data that would support quantification of the change in the number of notice filings and the associated costs, as well as the type and number of likely filers.

154. In connection with proposed Rule 17ad-2(e)(2), is the one business day notification deadline operationally achievable for transfer agents of varying sizes and technological sophistication? If possible, please provide quantification or data that would support quantification of the feasibility of the proposed deadline and the costs of potentially accelerated processing that may arise as a result of the proposed deadline.

155. Would Rule 17ad-3's limitations on expansion provisions trigger more, less, or remain unchanged in light of the proposed amendments to Rule 17ad-2(c) and (d) and the proposed amendment to Rule 17ad-3(b)? Would smaller transfer agents be more or less likely to trigger these provisions than larger transfer agents? If possible, please provide quantification or data that would support quantification of the frequency with which the provisions trigger as a result of the proposed amendments, as well as the type and number of transfer agents likely to trigger the provisions.

156. In connection with the proposed rescission of Rule 17ad-4, how many transfer agents are covered by Rules 17ad-4(a) and 17ad-4(b)? How many transfer agents are exempt from Rule 17ad-13 pursuant to the exemption in paragraph (d)(2) of that rule? If possible, please provide quantification or data that would support quantification of transfer agents covered by Rules 17ad-4(a), 17ad-4(b), and 17ad-13(d)(2).

157. Would the proposed amendments to Rule 17ad-6 result in a net increase or decrease in the number of documents and records that transfer agents would be required to make and keep current? What would be the magnitude of this change? Is the change in the number of documents and records more likely to fall on certain types of transfer agents but not others? Would small and large transfer agents see different changes in the number of documents and records that have to be made and kept current? If possible, please provide quantification or data that would support quantification of the net change in documents and records and affected transfer agents.

158. What factors currently constrain transfer agents' ability to perform their critical functions in the national clearance and settlement system? Would administrative burden associated with existing Rule 17ad-6 be one such factor? If so, would the proposed amendments to the rule reduce transfer agents' administrative burden?

159. Would transfer agents incur costs to comply with proposed Rule 17ad-7(a)? If so, would these be initial costs, annual costs, or both? Are the Commission's estimated initial and annual costs in connection with this proposed rule accurate? If not, please explain why. If possible, please provide quantification or data that would support quantification of these costs.

160. In connection with proposed Rule 17ad-7(h)(1), what is the number of third-party service providers that provide electronic recordkeeping systems, servers or other storage

mechanisms to transfer agents for record retention? How many of these third-party service providers provide their clients with independent access to the kept records at all times? What is the aggregate cost associated with the proposed written agreement requirement? If possible, please provide quantification or data that would support quantification of the number of affected third-party service providers, the number of such providers that provide independent access to kept records, and the aggregate cost associated with the proposed written agreement requirement.

161. In connection with the proposed amendments to Rule 17ad-10(a)(2), are there situations in which recordkeeping transfer agents would be unable to post position detail to the master securityholder file within the shorter of one business day or the time period specified by Rule 15c6-1(a) under the Exchange Act? If such situations exist, how many recordkeeping transfer agents may incur costs to acquire the operational capability to comply with the proposed posting deadline? What would be the magnitude of such costs? If possible, please provide quantification or data that would support quantification of the number of recordkeeping transfer agents and the costs they may incur.

162. In connection with the proposed amendments to Rules 17ad-10(c) and 17ad-10(d), are there situations in which co-transfer agents would be unable to comply with the proposed timing requirements? If such situations exist, how many co-transfer agents may incur costs to acquire the operational capability to comply with these requirements? What would be the magnitude of such costs? If possible, please provide quantification or data that would support quantification of the number of co-transfer agents and the costs they may incur.

163. What is the frequency with which existing timing requirements for co-transfer agents contribute to ownership record errors? Would proposed Rules 17ad-10(c)(1) and 17ad-10(d) help to reduce this frequency? If so, by how much? If possible, please provide quantification or data that would support quantification of the frequency and the reduction in the frequency because of the proposed rules.

164. In connection with the proposed amendments to Rule 17ad-10, how many transfer agents currently cure overissuances of certificated securities only? How many transfer agents currently cure overissuances of both certificated and uncertificated

securities? If possible, please provide quantification or data that would support quantification of these two groups of transfer agents.

165. In connection with the proposed amendments to Rule 17ad-12, how many transfer agents currently lack or have insufficiently robust risk management-related policies and procedures and business continuity plans? If possible, please provide quantification or data that would support quantification of this group of transfer agents.

166. In connection with the proposed amendments to Rule 17ad-12, please provide quantification or data that would support quantification of investor preferences for robust safeguarding and risk management policies and procedures, segregation of funds, and business continuity planning; the likelihood of operational risks, cybersecurity breaches, and business disruptions; and any other factors that affect the total benefits of the proposed amendments to the rule.

167. In connection with the proposed amendments to Rule 17ad-12, how many transfer agents currently maintain issuer, securityholder, and other customer funds in bank accounts designated as “for the benefit of” accounts separate from any other bank accounts of the transfer agents? How many transfer agents currently maintain segregation of third-party funds on a client-by-client basis? Which approach is costlier to implement? If possible, please provide quantification or data that would support quantification of these two sets of transfer agents and the costs of each segregation approach.

168. In connection with the definition of a lost securityholder as proposed to be amended, how many transfer agents may incur costs to extend their systems to monitor the delivery status of items of correspondence sent via non-physical mail methods? What would be the magnitude of such costs? If possible, please provide quantification or data that would support quantification of the number of transfer agents and the costs they may incur.

169. In connection with the definition of a lost securityholder as proposed to be amended, what would be the annual costs associated with one database search? Is the Commission’s estimate accurate? If not, should the estimate be higher or lower? What would be the annual number of database searches for securityholders that meet the proposed definition when they otherwise would not under the baseline? What would be the aggregate annual costs associated with these database searches? If possible, please provide quantification

or data that would support quantification of these items.

170. In connection with the baseline information concerning Rule 17ad-17, how many database searches are performed and accounts remitted to states for escheatment by carrying broker-dealers? If not available in national aggregate, how many might a typical carrying broker-dealer expect to perform annually in total or in relation to the number of securities accounts customers hold with them?

171. Will proposed Rule 17ad-31 give rise to potential incremental liability and litigation costs for transfer agents, notwithstanding the flexibility to obtain an opinion of counsel under proposed Rules 17ad-31(c)(1) and (c)(2)? If so, what would be the magnitude of such litigation costs? If possible, please provide quantification or data that would support quantification of such costs.

172. In connection with proposed Rule 17ad-31, how many requests to remove a restrictive legend would a transfer agent receive in a year on average? If possible, please provide quantification or data that would support quantification of the average number of legend removal requests received by a transfer agent in a year.

173. In connection with proposed Rule 17ad-31, how many transfer agents currently rely on opinion letters as the basis for removing restrictive legends? Of the opinion letters provided for the removal of restrictive legends, what percentage of these letters are provided by (i) transfer agents’ in-house counsel and (ii) outside counsel? If possible, please provide quantification or data that would support quantification of the transfer agents relying on opinion letters, the percentage of opinion letters provided by transfer agents’ in-house counsel and the percentage of opinion letters provided by outside counsel.

174. In connection with proposed Rule 17ad-31, how many transfer agents currently rely on methods other than opinion letters to establish the basis for removing restrictive legends? Please describe these non-opinion letter methods and provide a ranking of their relative popularity. Is one of these methods similar to the method described in paragraph (c)(3) of proposed Rule 17ad-31? What percentage of each method’s usage involves transfer agents providing supporting documentation similar to or satisfying the requirements set forth in paragraph (d) of proposed Rule 17ad-31? If possible, please provide quantification or data that would support quantification of the transfer agents that rely on each of these non-

opinion letter methods and the percentage of each method's usage that involved transfer agents providing supporting documentation similar to or satisfying the requirements set forth in paragraph (d) of proposed Rule 17ad-31?

175. In connection with proposed Rule 17ad-31(c), how many transfer agents would likely choose to comply with proposed Rules 17ad-31(c)(1) and (c)(2) and how many transfer agents would likely choose to comply with Rule 17ad-31(c)(3)? What characteristics of a transfer agent—such as its size—would lead it to choose one compliance approach over the other? If possible, please provide quantification or data that would support quantification of these two sets of transfer agents. In connection with proposed Rule 17ad-31(d), how many transfer agents would use internal staff to comply with this provision and how many transfer agents would employ third-party service providers to comply with this provision?

VI. Paperwork Reduction Act

A. Summary of the Collection of Information

Certain provisions of the proposed rules contain “collection of information” requirements within the meaning of the Paperwork Reduction Act of 1995 (“PRA”).⁵³¹ We are submitting the proposed collections of information to the Office of Management and Budget (“OMB”) for review in accordance with the PRA.⁵³² The hours and costs associated with preparing and filing the forms constitute reporting and cost burdens imposed by each collection of information. An agency may not conduct or sponsor, and a person is not required to comply with, a collection of information unless it displays a currently valid OMB control number. Compliance with the information collections is mandatory. Responses to the information collections are not kept confidential and there is no mandatory retention period for information disclosed. The titles for the affected collections of information are:

- Rule 17ac2-1 (Form TA-1) (OMB Control No. 3235-0084)
- Rule 17ac2-2 (Form TA-2) (OMB Control No. 3235-0037)
- Rule 17ad-2(c), (d), and (h) (OMB Control No. 3235-0130)
- Rule 17ad-3(b) (OMB Control No. 3235-0473)
- Rule 17ad-4(b) and (c) (OMB Control No. 3235-0341)

- Rule 17ad-6 (OMB Control No. 3235-0291)
- Rule 17ad-7 (OMB Control No. 3235-0291)
- Rule 17ad-17 (OMB Control No. 3235-0469)

We adopted the existing forms and rules, pursuant to the Exchange Act. As discussed further below, Rules 17ac2-1, 17ac2-2, 17ad-2, 17ad-3, 17ad-6 and 17ad-7, 17ad-12, 17ad-17 and proposed Rules 17ad-30 and 17ad-31 each contain collections of information affected by proposed amendments and rules. The collections in each of these proposed amendments and rules are mandatory. Respondents under these rules are registered transfer agents, of which there are 327 as of June 30, 2026.

B. Amendments to Forms TA-1, TA-2 and Rules 17ac2-1, 17ac2-2, 17ad-2, 17ad-3, 17ad-6, 17ad-7, 17ad-12, 17ad-17, 17ad-30, and 17ad-31.

Rule 17ac2-1 and Form TA-1 require transfer agents to register with the Commission and provide certain information that serves as a basis for the Commission to determine whether it should accelerate, deny or postpone such registration. The Commission's proposal to adjust the effective date of the TA-1 application from 30 to 45 days does not affect or otherwise change the existing reporting burden.

The information collection required under Rule 17ac2-2 and submitted via Form TA-2 is required to provide information regarding the business conducted by a transfer agent, to evaluate compliance, and to inform Commission transfer agent policymaking. The new requirement to amend Rule 17ac2-2 may marginally increase the reporting burden for some limited number of transfer agents, as it would require a transfer agent to amend its Form TA-2 if it learns that information was *materially* inaccurate, misleading, etc. *at the time of filing*. The Commission preliminarily believes this would be an uncommon occurrence and that approximately two transfer agents would need to amend their Form TA-2 on an annual basis.

Under Rules 17ad-2(c) and (d), a registered transfer agent must file a notice within ten days after the end of any month in which it fails to meet the minimum performance standards set forth in Rules 17ad-2(a) and (b). The Commission's proposed amendments change the threshold for the filing of the notice; however, the proposed amendments do not materially affect the reporting burden in terms of time or costs. Under Rule 17ad-3(b), any registered transfer agent which for each of two consecutive months fails to

turnaround or process at least 75% of all items within the prescribed time specified in the Rules shall be subject to the limitation set forth in Rule 17ad-3(a). The Commission's proposed amendment to Rule 17ad-3(b) raises the turnaround and processing threshold from 75% to 95% of all items. The proposed threshold increase may modestly affect the reporting burdens. The rescission of Rule 17ad-4 marginally reduces registered transfer agents reporting burdens under the PRA—this rule has not historically created significant time and costs burdens for transfer agents. The proposed amendments to Rules 17ad-6 and 17ad-7 do not, in practice, materially change the reporting burden for those rules, which require registered transfer agents to make and keep current certain records sufficient to determine the nature of the business conducted by a transfer agent and to monitor and evaluate transfer agents' compliance with Commission rules. Most registered transfer agents that are required to comply with Rules 17ad-6 and 17ad-7 already employ the use of modern electronic and digital media or systems for their recordkeeping.

Proposed Rule 17ad-12 would require every transfer agent to adopt written policies and procedures to ensure that all securities and funds controlled by a transfer agent are protected against risks and also to identify and mitigate operational, cybersecurity, and other risks posed by or associated with the transfer agent's business, activities, and operations.

The proposed amendments to Rule 17ad-17 would (i) change the existing recordkeeping requirement to comport with proposed Rule 17ad-7(a); (ii) require recordkeeping transfer agents and broker-dealers that maintain securityholder accounts to provide two inactivity notices to securityholders whose accounts are deemed inactive under Rule 17ad-17(b)(3); and (iii) require paying agents to provide two notices to unresponsive payees under Rule 17ad-17(c)(3).

Newly proposed rules 17ad-30 and 17ad-31 would require registered transfer agents to, respectively, (i) implement and maintain written policies and procedures that are reasonably designed to achieve compliance with the federal securities laws; and (ii) implement controls to ensure only authorized issuer representatives can instruct a transfer agent to remove a restrictive legend or otherwise execute a securities transaction.

⁵³¹ 44 U.S.C. 3502.

⁵³² 44 U.S.C. 3507.

C. Summary of the Estimated Burden of the Proposed Amendments on the Collections of Information with the Proposed New Rules and Amendments:

The following table summarizes the estimated Paperwork Burden Associated

PRA TABLE 1—ESTIMATED PAPERWORK BURDEN ASSOCIATED WITH THE PROPOSED NEW RULES AND AMENDMENTS

Proposed requirements and effects	Affected forms	Estimated burden per response (hours)	Number of affected responses
Form TA-1	Form TA-1	2	342 (327 existing transfer agents + 15 new registrants).
- Addition of Question 3(f). Website Address. - Rescinding Questions 6 and 7 adding proposed Questions 6(a) and (b) and 7. - Amending Question 8 to include additional options for identifying the registrant's corporate structure. - Proposed Schedule A: Business Affiliates of the Registrant. - Technical changes to headings and amendments to the instructions. - Amendment of Questions 11 and 12 which concern the TA's signature and attached documents.			
Rule 17ac2-2	Form TA-2	2	2 Filings.
Form TA-2 must be amended within 60 days if the transfer agent discovers that any information was materially inaccurate, misleading, or incomplete at the time of filing.			
Form TA-2	Form TA-2	5	327 Filings.
- Form TA-2 updated to include new requirements to provide: (1) the number of employees engaged in transfer agent functions and activities incidental thereto during the reporting period; (2) the number of issues serviced by the registrant for which physical certificates were in use during the reporting period; (3) the number of issues for which the registrant maintained the master securityholder file using distributed ledger technology during the reporting period; and (4) the types of service providers used by the registrant during the reporting period using a check-the-box format along with the name of the service provider(s) using a fill-in-the-blank format. - Amendment of Question 5 regarding the number of individual securityholder accounts by security type. - Amendment of Question 6, regarding the number of issues by service and security type. - Addition of Question 6(b) regarding number of issues by tokenization model and security type. - Amendment of Question 7, which concerns receipts and distributions to securityholders. - Amendment of Question 9 concerning turnaround and processing. - Amendment of Question 13 which concerns the attached documents.			
Rule 17ad-2		55	327 Respondents.
- Requires written policies and procedures concerning turnaround and processing of applicable items. - Notice requirement for rejected items; notice must be provided within one business day.			
17ad-3		4	5 Respondents.
Requires a transfer agent to provide notice to issuers if it fails to turnaround or process 95% of all applicable items.			
Rule 17ad-6 and 7		25	327 Respondents.

PRA TABLE 1—ESTIMATED PAPERWORK BURDEN ASSOCIATED WITH THE PROPOSED NEW RULES AND AMENDMENTS—
Continued

Proposed requirements and effects	Affected forms	Estimated burden per response (hours)	Number of affected responses
Requires keeping and maintaining a transfer journal (or registrar journal if the transfer agent acts as an outside registrar) and a control book and master securityholder file if the transfer agent is a record-keeping transfer agent, and records related to turn-around, processing, appointment, termination, and non-routine items; Requires transfer agents that use a third party for recordkeeping to obtain from such third party and file with the Commission and its ARA a legally binding written agreement signed by as duly authorized representatives of the third party, unless the transfer agent has and maintains at all times independent access to such records.			
Rule 17ad-12		30	327 Respondents.
- Requires transfer agents to adopt written policies and procedures regarding the safeguarding of securities and funds and other risks. - Requires transfer agents to establish, maintain, and enforce a written business continuity plan.			
Rule 17ad-17(a)(3)		50	305 (152 Record Keeping Transfer Agents and 153 Broker-Dealers).
Requires recordkeeping transfer agents and broker-dealers that maintain accounts that include accounts of inactive securityholders to provide not less than two written notifications to each inactive securityholder stating that such inactive securityholder has not been active in its account.			
Rule 17ad-17(c)(1)		4	3106 (Paying Agents).
Requires paying agents to provide notice to unresponsive payees.			
Rule 17ad-17(d)		25	3291 Respondents (Transfer Agents, Broker-Dealers and Paying Agents).
Requires written procedures that describe the transfer agent's, broker's, dealer's, or paying agent's methodology for complying with Rule 17ad-17.			
Rule 17ad-30		50	327 Respondents.
Requires transfer agents to adopt written compliance policies and procedures.			
Rule 17ad-31		12	327 Respondents.
- Requires transfer agents to maintain and keep list of issuer employees authorized to provide instructions and documents related to such authorizations. - Requires transfer agents to refrain from facilitating any transaction unless it has a reasonable basis to believe that doing so will not violate Section 5 of the Securities Act of 1933.			

D. Initial and Ongoing Burden Estimates

The foregoing burden estimates for the rules, as proposed to be amended,

consist of initial and ongoing or annualized time and cost burdens. The following table includes estimates for what burden share will accrue initially,

upon the amended and proposed rules becoming effective as compared with the rules' annualized time and costs burdens.

PRA TABLE 2—ESTIMATED INITIAL AND ANNUAL AGGREGATE BURDEN ESTIMATES *

Collection of information	Initial burden estimates (hours)	Annual burden estimates (hours)	Initial burden estimates (%) (X)	Annual burden estimates (%) (Y)
Form TA-1	0	684	0	100
Form TA-2	0	1,640	0	100
Rule 17ac2-2	0	2	0	100
Rule 17ad-2	44	11	80	20
Rule 17ad-3	0	20	0	100

PRA TABLE 2—ESTIMATED INITIAL AND ANNUAL AGGREGATE BURDEN ESTIMATES *—Continued

Collection of information	Initial burden estimates (hours)	Annual burden estimates (hours)	Initial burden estimates (%) (X)	Annual burden estimates (%) (Y)
Rules 17ad-6 and 7	6	18	25	75
Rule 17ad-12	24	6	80	20
Rule 17ad-17(a)(3)	45	5	90	10
Rule 17ad-17(c)(1)	0	4	0	100
Rule 17ad-17(d)	20	5	80	20
Rule 17ad-30	40	10	80	20
Rule 17ad-31	10	2	83	17

* All figures rounded to the nearest whole number.

E. Incremental and Aggregate Burden and Cost Estimate

Below we estimate the incremental and aggregate changes in paperwork burden because of the proposed amendments. These estimates represent the average burden for all respondents, both large and small. In deriving our estimates, we recognize that the burdens will likely vary among individual respondents based on several factors, including the nature of their business. For example, large institutional transfer agents provide services to thousands of

issuers and process billions of dollars of transactions qualifying as payment agent activity. Conversely, some smaller transfer agents may only service a single, small issuer.

We calculated the additional burden estimates by multiplying the estimated additional burden per form by the estimated number of responses per form. That additional burden is then added to the existing burden per form. For purposes of the PRA, the burden is to be allocated between internal burden hours and outside professional costs. The table below sets forth the

percentage estimates we typically use for the burden allocation for each collection of information and the estimated burden allocation for the proposed new collection of information. We also base our estimates of the average cost of retaining outside professionals using the methodology set forth by 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.⁵³³

PRA TABLE 3—ESTIMATED BURDEN ALLOCATION FOR THE AFFECTED COLLECTIONS OF INFORMATION

Collection of information	Internal (%)	Outside professionals (%)
Rule 17ac2-1 (Form TA-1)	75	25
Rule 17ac2-2 (Form TA-2), Rule 17ad-17	90	10
Rule 17ad-2, Rule 17ad-3, Rules 17ad-6 and 17ad-7, Rule 17ad-12, Rule 17ad-30, and Rule 17ad-31	75	25

The following tables summarize the requested paperwork burden, including

the estimate total reporting burdens and costs, under the proposed amendments.

PRA TABLE 4—CALCULATION OF THE INCREMENTAL CHANGE IN BURDEN ESTIMATES OF CURRENT RESPONSES RESULTING FROM THE PROPOSED AMENDMENTS *

Collection of information	Number of estimated affected information collections, notices/disclosures (A)	Burden hour increase per response (B)	Change in burden hours (C) = (A) × (B)	Change in company hours (D) = (C) × 0.90 or 0.75	Change in professional hours (E) = (C) × 0.10 or 0.25	Change in professional costs (F) = (E) × OEWS Estimate
Form TA-1	342 (327 + 15) Filings ..	2	684	513	171	42.75
Form TA-2	327 Filings	5	1,635	1,472	164	16.4

⁵³³ To calculate the occupational hourly rates used in this release, the Commission uses occupational mean hourly wage data from the OEWS program of the 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 the NAICS 23 to total annual wages across all occupations for NAICS 23 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>.

PRA TABLE 4—CALCULATION OF THE INCREMENTAL CHANGE IN BURDEN ESTIMATES OF CURRENT RESPONSES RESULTING FROM THE PROPOSED AMENDMENTS *—Continued

Rule 17ac2-2	2 Filings	2	4	3.6	0.4	0	\$0 (Lawyers 23-1011).
Rule 17ad-2	327 Respondents	55		17,985	13,489	4,496	\$3,480,097.50 (Lawyers 23-1011).
Rule 17ad-3	5 Respondents	4		20	15	5	\$825 (Bookkeeping, Accounting, and Auditing Clerks 43-3031).
Rules 17ad-6 and 17ad-7.	327 Respondents	25		8,175	6,131.25	2,043.75	\$341,306.25 (Bookkeeping, Accounting, and Auditing Clerks 43-3031).
Rule 17ad-12	327 Respondents	30		9,810	7,358	1,840	\$607,200.00 (Accountants and Auditors 13-2011).
Rule 17ad-17(a)(3)	305 Respondents	50		15,100	11,325	1,510	\$249,150.00 (Bookkeeping, Accounting, and Auditing Clerks 43-3031).
Rule 17ad-17 (c)(1)	3106 Respondents	4		12,424	9,318	1,242	\$204,996.00 (Bookkeeping, Accounting, and Auditing Clerks 43-3031).
Rule 17ad-17(d)	3291 Respondents	25		82,275	61,706	8,228	\$6,368,085.00 (Lawyers 23-1011).
Rule 17ad-30	327 Respondents	50		16,350	12,262.5	4,087.5	\$3,163,725.00 (Lawyers 23-1011).
Rule 17ad-31	327 Respondents	20	6,540	5,886	654	164	\$107,584.00 (General and Operations Managers 11-1021).

* Figures reflected in the table rounded to closest whole number.

PRA TABLE 5—REQUESTED PAPERWORK BURDEN UNDER THE PROPOSED AMENDMENTS

Form or rule	Current burden			Program change			Requested change in burden		
	Current annual responses	Current burden hours	Current cost burden	Number of affected responses	Change in company hours	Change in professional costs	Annual responses	Burden hours	Cost burden
	(A)	(B)	(C)	(D)	(E)	(F)	(G) = (A)	(H) = (B) + (E)	(I) = (C) + (F)
Form TA-1 ...	209 (196 Amendments/13 filers).	450	\$176,040.00	342	513	\$33,089.00 (Lawyers 23-1011).	209	42.75	\$33,089 (Lawyers 23-1011)
Form TA-2 ...	315	1,359	395,051.80	2	164	\$12,697.00 (Lawyers 23-1011).	315	16.4	\$12,697 (Lawyers 23-1011)
Rule 17ac2-2	0	0	0	327	0.4	\$0 (Lawyers 23-1011)	0	0	\$0 (Lawyers 23-1011)
Rule 17ad-2	3	0.5	0	327	13,489	\$3,480,097.50 (Lawyers 23-1011).	3	13,489.5	\$3,480,097.50 (Lawyers 23-1011)
Rule 17ad-3	1	4	0	5	16	\$668 (Bookkeeping, Accounting, and Auditing Clerks 43-3031).	1	20	\$668.00 (Bookkeeping, Accounting, and Auditing Clerks 43-3031)
Rules 17ad-6 and 17ad-7.	315	500	50,242,500.00	327	6,131	\$1,023,918.75 (Bookkeeping, Accounting, and Auditing Clerks 43-3031).	315	6,631	\$51,266,418.00 (Bookkeeping, Accounting, and Auditing Clerks 43-3031)
Rule 17ad-12.	0	0	0	327	7,358	\$2,727,975.00 (Accountants and Auditors 13-2011).	0	1,840	\$607,200.00 (Accountants and Auditors 13-2011)
Rule 17ad-17(a)(3).	0	0	0	305	11,325	\$249,150.00 (Bookkeeping, Accounting, and Auditing Clerks 43-3031).	0	11,325	\$249,150.00 (Bookkeeping, Accounting, and Auditing Clerks 43-3031)
Rule 17ad-17(c)(1).	0	0	0	3,106	9,318	\$204,996.00 (Bookkeeping, Accounting, and Auditing Clerks 43-3031).	0	9,318	\$204,996.00 (Bookkeeping, Accounting, and Auditing Clerks 43-3031)
Rule 17ad-17(d).	0	0	0	3,290	61,706	\$6,368,085.00 (Lawyers 23-1011).	0	61,706	\$6,368,085.00 (Lawyers 23-1011)
Rule 17ad-30.	0	0	0	327	4,088	\$3,163,725.00 (Lawyers 23-1011).	0	4,088	\$3,163,725.00 (Lawyers 23-1011)
Rule 17ad-31.	0	0	0	327	654	\$107,584.00 (General and Operations Managers 11-1021).	0	164	\$107,584.00 (General and Operations Managers 11-1021)

PRA TABLE 6—REQUESTED INITIAL PAPERWORK BURDEN UNDER THE PROPOSED AMENDMENTS *

Form or rule	Cost burden (I)	Initial monetized benefits and costs per response (%) (X)	Initial requested change in burden (\$) (C) = (I) × (X)
Form TA-1	\$33,089.00 (Lawyers 23-1011)	100	\$33,089.00
Form TA-2	\$12,697.00 (Lawyers 23-1011)	0	0
Rule 17ac2-2	\$0 (Lawyers 23-1011)	0	0
Rule 17ad-2	\$3,480,097.50 (Lawyers 23-1011)	80	2,784,078.00
Rule 17ad-3	\$668.00 (Bookkeeping, Accounting, and Auditing Clerks 43-3031)	0	0
Rules 17ad-6 and 17ad-7	\$50,578,700.00 (Bookkeeping, Accounting, and Auditing Clerks 43-3031)	25	12,644,675.00
Rule 17ad-12	\$607,200.00 (Accountants and Auditors 13-2011)	0	0
Rule 17ad-17(a)(3)	\$249,150.00 (Bookkeeping, Accounting, and Auditing Clerks 43-3031)	90	249,150.00
Rule 17ad-17(c)(1)	\$204,996.00 (Bookkeeping, Accounting, and Auditing Clerks 43-3031)	0	0
Rule 17ad-17(d)	\$6,368,085.00 (Lawyers 23-1011)	80	5,094,468.00
Rule 17ad-30	\$3,050,400.00 (Lawyers 23-1011)	80	2,432,582.00
Rule 17ad-31	\$107,584.00 (General and Operations Managers 11-1021)	83	89,294.72

* Values in table rounded to whole number.

F. Request for Comment

We request comment on whether these estimates are reasonable. Pursuant to 44 U.S.C. 3506(c)(2)(B), the Commission solicits comments in order to: (1) evaluate whether the proposed collection of information is necessary for the proper performance of the functions of the Commission, including whether the information will have practical utility; (2) evaluate the accuracy of the Commission's estimate of the burden of the proposed collection of information; (3) determine whether there are ways to enhance the quality, utility, and clarity of the information to be collected; and (4) determine whether there are ways to minimize the burden of the collection of information on those who are to respond, including through the use of automated collection techniques or other forms of information technology.

Persons wishing to submit comments on the collection of information requirements of the proposed amendments 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 send a copy to Vanessa A. Countryman, Secretary, Securities and Exchange Commission, using any of the methods in the **ADDRESSES** section, with reference to File No. S7-2026-30. OMB is required to make a decision concerning the collections of information between 30 and 60 days after publication of this release; therefore, a comment to OMB is best assured of having its full effect if OMB receives it within 30 days after publication of this release. Requests for materials submitted to OMB by the Commission with regard to these collections of information should be in writing, refer to File No. S7-2026-30, and be submitted to the Securities and

Exchange Commission, Office of FOIA Services, 100 F Street NE, Washington, DC 20549-2736. OMB is required to make a decision concerning the collections of information between 30 and 60 days after publication of this release. Consequently, a comment to OMB is best assured of having its full effect if OMB receives it within 30 days of publication.

VII. Initial Regulatory Flexibility Act Analysis

Section 3(a) of the Regulatory Flexibility Act of 1980 ("RFA") requires the Commission to undertake an initial regulatory flexibility analysis of the impact of the proposed rule amendments on small entities unless the Commission certifies that the rule, if adopted, would not have a significant economic impact on a substantial number of small entities.⁵³⁴ This Initial Regulatory Flexibility Act Analysis ("IRFA") has been prepared, and been made available for public comment.

1. Reasons for, and Objectives of the Proposed Actions

The Commission is proposing to amend Forms TA-1 and TA-2 to require transfer agents to disclose additional information regarding the transfer agent's corporate organizational structure, significant service providers, recordkeeping, and handling of securities and funds. The proposed amendments to Forms TA-1 and TA-2 will enhance the Commission's understanding of transfer agent operations, risk management, and compliance practices.

The Commission is also proposing to amend Exchange Act Rule 17ac2-1 to align the effective date for registration specified in the rule—30 days after filing of the Form TA-1—with Section

17A(c)(2) of the Exchange Act, which specifies that registration shall become effective 45 days after filing. The proposed amendment to Exchange Act Rule 17ac2-1 will harmonize the effective date for transfer agent registration with the statutory requirement.

The Commission is also proposing to amend Exchange Act Rules 17ad-1, 17ad-2, 17ad-3, 17ad-6, 17ad-7, 17ad-9, 17ad-10, 17ad-12, and 17ad-17 to modernize and streamline the regulatory framework governing transfer agents. These amendments will ensure that the rules governing transfers agents apply equally to both certificated and uncertificated securities, and that they reflect the technological advancements and changes in industry practices that have taken place over the years. These amendments will enhance the efficiency, accuracy, and transparency of transfer agent operations, while also strengthening compliance and risk management practices. By updating the rules to reflect current industry standards and practices, the amendments will promote a more robust and reliable transfer agent system that supports the integrity of the securities markets.

The Commission is also proposing to rescind Rule 17ad-4, which provides exemptions from certain requirements for transfer agents that service limited partnerships, redeemable securities of investment companies, and dividend reinvestment plans, as well as small transfer agents. Rescinding this rule will apply uniform requirements to all registered transfer agents, regardless of their size or the type of securities they service.

The Commission is also proposing Exchange Act Rule 17ad-30 to strengthen a compliance framework which will include requirements to develop compliance policies and

⁵³⁴ 5 U.S.C. 605(b).

procedures and Exchange Act Rule 17ad-31 to refrain from improperly removing restrictive legends. These proposed rules will strengthen the compliance framework for registered transfer agents, enhance investor protection, and facilitate the safe and efficient functioning of the national clearance and settlement system. The proposed rules aim to address concerns related to transfer agents' compliance with federal securities laws and removal of restrictive legends. These new proposed rules will establish a uniform baseline compliance requirement and help to prevent transfer agents from facilitating violations of securities laws, ultimately promoting investor protection and maintaining the integrity of the securities markets.

2. Legal Basis

The Commission proposes new rules and amendments to existing rules governing registered transfer agents and transfer agent registration and annual reporting forms pursuant to authority set forth in the Exchange Act, particularly Sections 2,⁵³⁵ 3,⁵³⁶ 17,⁵³⁷ 17A,⁵³⁸ and 23(a).⁵³⁹

3. Small Entities Subject to the Proposed Rule and Proposed Rule Amendments

Paragraph (h) of Exchange Act Rule 0-10 provides that, for purposes of Commission rulemaking and as applicable to the proposed new rules and amendments to existing rules governing registered transfer agents, a small entity includes, when used with reference to a transfer agent, a transfer agent that (i) received less than 500 items for transfer and less than 500 items for processing during the preceding six months (or in the time that it has been in business, if shorter), (ii) transferred items only of issuers that would be deemed "small businesses" or "small organizations" as defined in this section, (iii) maintained master shareholder files that in the aggregate contained less than 1,000 shareholder accounts or was the named transfer agent for less than 1,000 shareholder accounts at all times during the preceding fiscal year (or in the time that it has been in business, if shorter, and (iv) is not affiliated with any person (other than a natural person) that is not a small business or small organization under this section.⁵⁴⁰ Commission staff estimates that, as of June 30, 2026, there

are 327 registered transfer agents⁵⁴¹ and 143 transfer agents that may meet the definition of small entity.⁵⁴²

4. Projected Reporting, Recordkeeping, and Other Compliance Requirements

If adopted, the proposed amendments would apply to small entities to the same extent as other entities, irrespective of size. Therefore, we expect that the nature of any benefits and costs associated with the proposed amendments to be similar for large and small entities. Accordingly, we refer to the discussion of the proposed amendments' economic effects on all affected parties, including small entities, in Section V. above. Consistent with that discussion, we anticipate that the economic benefits and costs likely could vary widely among small entities based on a number of factors, such as the nature and conduct of their businesses, which makes it difficult to project the economic impact on small entities with precision. As a general matter, however, we recognize that the costs of the proposed amendments borne by the affected entities could have a proportionally greater effect on small entities, as they may be less able to bear such costs relative to larger entities. Compliance with the proposed amendments may require the use of professional skills, including legal skills. We request comment on how the proposed disclosure amendments would affect small entities.

5. Duplicative, Overlapping, or Conflicting Federal Rules

The Commission believes that no federal rules suplicate, overlap or conflict with the proposed new rules and amendments to existing rules governing registered transfer agents and transfer agent registration and annual reporting forms.

6. Significant Alternatives

The RFA requires that the Commission include in its regulatory flexibility analysis a description of any significant alternatives to the proposed rule which would accomplish the stated objectives of applicable statutes and which would minimize any significant economic impact of the proposed rule on small entities.⁵⁴³ Pursuant to Section 3(a) of the RFA, the Commission's initial regulatory flexibility analysis must consider certain types of alternatives, including: (a) the establishment of differing compliance or reporting requirements or timetables

that take into account the resources available to small entities; (b) the clarification, consolidation, or simplification of the compliance and reporting requirements under the rule for small entities; (c) the use of performance rather than design standards; and (d) an exemption from coverage of the rule, or any part of thereof, for such small entities.⁵⁴⁴

The Commission considered alternatives to the proposed amendments to Form TA-2 that would accomplish the stated objectives of the amendment without disproportionately burdening transfer agents that are small entities, including limiting certain disclosure requirements. For example, the Commission considered an alternative that transfer agents would be required to report only aggregate numbers of individual securityholder accounts, rather than the proposal's requirement to separately report account numbers for several security types. However, the Commission determined that while this alternative could reduce disclosure costs for small transfer agents, the Commission would lose valuable information provided by this disclosure requirement and regulatory oversight as to what types of securities are served by small transfer agents. Further, because all registered transfer agents regardless of size are required to file an annual report with the Commission on Form TA-2, generally available and affordable recordkeeping technology should help small transfer agents comply with the proposed disclosure requirements on Form TA-2 without unreasonable costs.

The Commission also considered alternatives to the proposed Rule 17ad-12 that would accomplish the stated objectives of the new rule without disproportionately burdening transfer agents that are small entities. For example, the Commission considered exempting small transfer agents from the requirement in proposed Rule 17ad-12(c)(iv) that business continuity plans be tested, reviewed, and updated no less frequently than annually. However, the Commission determined that while this would reduce compliance burdens for small transfer agents, it would also leave transfer agents with weaker preparedness for disruptions. Further, maintaining this requirement for small transfer agents would better align with the need for timely recovery and resumption of core transfer agent activities and provide more robust protection to issuers, investors, and the broader national clearance and settlement system.

⁵³⁵ 15 U.S.C. 78b.

⁵³⁶ 15 U.S.C. 78c.

⁵³⁷ 15 U.S.C. 78q(a).

⁵³⁸ 15 U.S.C. 78q-1.

⁵³⁹ 15 U.S.C. 78w(a).

⁵⁴⁰ See 17 CFR 240.0-10(h).

⁵⁴¹ See Table 4, *infra* Section V.B.4.

⁵⁴² See Table 6, *infra* Section V.B.4.

⁵⁴³ 5 U.S.C. 603(c).

⁵⁴⁴ *Id.*

7. Request for Comment

The Commission encourages written comments on matters discussed in the IRFA. In particular, the Commission seeks comment on the number of small entities that would be affected by the proposed new rules and amendments to existing rules governing registered transfer agents and transfer agent registration and annual reporting forms, and whether the effect(s) on small entities would be economically significant. Commenters are asked to describe the nature of any effect(s) the proposed new rules and amendments to existing rules governing registered transfer agents and transfer agent registration and annual reporting forms may have on small entities, and to provide empirical data to support their views.

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),⁵⁴⁵ 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.⁵⁴⁶

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
- 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, to inform OMB's determination regarding whether any final rule following this proposal is likely to be a "major rule" for the purposes of the Congressional Review Act.

IX. Other Matters

OMB has determined that this action is not a significant regulatory action

under Executive Order 12866 and therefore it was not subject to Executive Order 12866 review.

Statutory Authority

The Commission is proposing new rules and amendments to existing rules governing registered transfer agents and transfer agent registration and annual reporting forms under the Commission's rulemaking authority in the Exchange Act, particularly Section 2, 15 U.S.C. 78b, Section 3, 15 U.S.C. 78c, Section 17, 15 U.S.C. 78q, Section 17A, 15 U.S.C. 78q-1, and Section 23(a), 15 U.S.C. 78w(a).

List of Subjects in 17 CFR Parts 240 and 249b

Reporting and recordkeeping requirements, Securities.

Text of the Amendment

In accordance with the foregoing, title 17, chapter II of the Code of Federal Regulations is proposed to be amended 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, 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, and 7201 *et seq.*, and 8302; 7 U.S.C. 2(c)(2)(E); 12 U.S.C. 5221(e)(3); 18 U.S.C. 1350; Pub. L. 111-203, 939A, 124 Stat. 1376 (2010); and Pub. L. 112-106, sec. 503 and 602, 126 Stat. 326 (2012), unless otherwise noted.

* * * * *

- 2. Amend § 240.17Ac2-1 in paragraphs (a) and (b) by removing the word "thirtieth" and adding in its place "forty-fifth".

- 3. Amend § 240.17Ac2-2 by revising the sectional numbering and paragraph (a) to read as follows:

§ 240.17ac2-2 Annual reporting requirement for registered transfer agents.

(a) Every transfer agent registered on December 31 must file a report covering the reporting period on Form TA-2 (§ 249b.102 of this chapter) by March 31 following the end of the reporting period. Form TA-2 must be completed in accordance with the instructions contained in the Form. If a transfer agent discovers that any of the information reported on Form TA-2 was materially inaccurate, misleading, or incomplete at the time of filing, the

transfer agent shall correct such information by filing an amendment to Form TA-2 pursuant to the instructions on the form within sixty days following the date on which the transfer agent discovered that such information was materially inaccurate, misleading, or incomplete. A transfer agent may file an amendment at any time; however, in order to be timely filed, all required portions of the form must be completed and filed in accordance with this section and the instructions to the form by the date the form is required to be filed with the Commission.

* * * * *

- 4. Amend § 240.17Ad-1 by:

- a. Revising the undesignated paragraph;
- b. Revising the sectional numbering;
- c. Revising paragraph (a)(1) and paragraph (g); and
- d. In paragraph (i)(2), removing the word "certificate" and add in its place the word "security".

The revisions read as follows:

§ 240.17ad-1 Definitions.

As used in this section and §§ 240.17ad-2, 240.17ad-3, 240.17Ad-5, 240.17ad-6, 240.17ad-7, 240.17ad-9, 240.17ad-10, 240.17ad-12, 240.17ad-30, and 240.17ad-31:

(a)

(1) The term *item* means:

(i) A certificate or certificates of the same issue of securities covered by one ticket (or, if there is no ticket, presented by one presenter) presented for transfer, or an instruction to a transfer agent which holds securities registered in the name of the presenter to transfer or to make available all or a portion of those securities;

(ii) Each line on a "deposit shipment control list" or a "withdrawal shipment control list" submitted by a registered clearing agency;

(iii) In the case of an outside registrar, each certificate to be countersigned;

(iv) a transfer instruction submitted to the transfer agent through a deposit or withdrawal at custodian or functionally similar service operated by a central securities depository; or

(v) any other transfer instruction submitted to the transfer agent, or to an electronic system controlled, operated, or enabled by the transfer agent, to be accomplished without the physical issuance of certificates.

* * * * *

(g) The *receipt* of an item or a written inquiry or request occurs on the business day when the item or written inquiry or request arrives at any premises at which the transfer agent performs transfer agent functions or, in

⁵⁴⁵ See 5 U.S.C. chapter 8.

⁵⁴⁶ See 5 U.S.C. 804(2) (defining "major rule").

the case of an item or written inquiry or request submitted in electronic form, the business day when the item or written inquiry or request is received by the transfer agent. If an item or written inquiry or request is received on a non-business day, receipt occurs on the next business day.

* * * * *

■ 5. Amend § 240.17Ad-2 by revising the sectional numbering and paragraphs (a), (b), (c), (d), (e), and (h) to read as follows:

§ 240.17ad-2 Turnaround, processing, and forwarding of items.

(a) Every registered transfer agent (except when acting as an outside registrar) shall establish, maintain, and enforce written policies and procedures reasonably designed to ensure that the transfer agent turns around all routine items received for transfer within the shorter of one business day or the time period specified by Rule 15c6-1(a) under the Exchange Act.

(b) Every registered transfer agent acting as an outside registrar shall establish, maintain, and enforce written policies and procedures reasonably designed to ensure that the transfer agent processes all items received:

(1) by the opening of business on the next business day, in the case of items received at or before noon on a business day, and

(2) by noon of the next business day, in the case of items received after noon on a business day. For the purposes of paragraphs (b) and (d) of this section, “items received” shall not include any item enumerated in § 240.17Ad-1(i) (5), (6), (7), or (8) or any item which is not accompanied by a debit or cancelled certificate. For the purposes of this paragraph, items received on a day not a business day shall be deemed to have been received before noon on the next business day.

(c) Any registered transfer agent which fails to turn around more than three (3) percent of routine items received within the time specified in paragraph (a) of this section with respect to any month shall, within ten business days following the end of such month, file with the Commission and the transfer agent’s appropriate regulatory agency, if it is not the Commission, a written notice in accordance with paragraph (h) of this section. Such notice shall state the number of routine items and the number of non-routine items received for transfer during the month, the number of routine items which the registered transfer agent failed to turn around within the time specified in paragraph (a) of this section, the percentage that

such routine items represent of all routine items received during the month, the reasons for such failure, the steps which have been taken, are being taken or will be taken to prevent a future failure and the number of routine items, aged in increments of one business day, which as of the close of business on the last business day of the month have been in its possession for more than four business days and have not been turned around.

(d) Any registered transfer agent which fails to process more than three (3) percent of items received within the time specified in paragraph (b) of this section with respect to any month shall, within ten business days following the end of such month, file with the Commission and the transfer agent’s appropriate regulatory agency, if it is not the Commission, a written notice in accordance with paragraph (h) of this section. Such notice shall state the number of items received for processing during the month, the number of items which the registered transfer agent failed to process in accordance with the time specified in paragraph (b) of this section, the percentage that such items represent of all items received during the month, the reasons for such failure and the steps which have been taken, are being taken or will be taken to prevent a future failure and the number of items which as of the close of business on the last business day of the month have been in the transfer agent’s possession for more than the time allowed for processing and have not been processed.

(e)
(1) All routine items not turned around within the time specified in paragraph (a) of this section and all items not processed within the periods specified in paragraph (b) of this section shall be turned around promptly, and all nonroutine items shall receive diligent and continuous attention and shall be turned around as soon as possible.

(2) Within one business day of the day of receipt of any item that is rejected by the transfer agent, every registered transfer agent shall provide a written notification to the presenter identifying each rejected item, the reasons for rejection, and the specific actions the presenter must undertake for the item to be accepted by the transfer agent and for processing or turnaround to be completed.

* * * * *

(h) Any notice required by this section or any report required by § 240.17ad-11 or § 240.17ad-13, or any written agreement required by

§ 240.17ad-7(h), shall be filed as follows:

(1) Any information required to be filed with the Commission shall be filed to the following dedicated email address, *TransferAgentFiling@sec.gov*.

(2) Any information required to be filed with the Office of the Comptroller of the Currency shall be filed to the following dedicated email address, *RTAFiling@occ.treas.gov*.

(3) Any information required to be filed with the Board of Governors of the Federal Reserve System shall be filed to the following dedicated email address, [to be determined].

(4) Any information required to be filed with the Federal Deposit Insurance Corporation shall be filed to the following dedicated email address, [to be determined].

* * * * *

■ 6. Amend § 240.17Ad-3 by revising the sectional numbering and paragraph (b) to read as follows:

§ 240.17ad-3 Limitations on expansion.

* * * * *

(b) Any registered transfer agent which for each of two consecutive months fails to turn around at least 95% of all routine items within the time specified in § 240.17ad-2(a) or to process at least 95% of all items within the time specified in § 240.17ad-2(b) shall be subject to the limitations imposed by paragraph (a) of this section and further shall, within twenty business days after the close of the second such month, send to the chief executive officer of each issuer for which such registered transfer agent acts a copy of the written notice filed pursuant to § 240.17ad-2 (c) or (d) with respect to the second such month.

* * * * *

■ 7. Revise the sectional numbering and remove and reserve § 240.17Ad-4 as follows:

§ 240.17ad-4 [Reserved].

* * * * *

■ 8. Revise the sectional numbering and § 240.17Ad-6 as follows:

§ 240.17ad-6 Recordkeeping.

(a) Every registered transfer agent shall make and keep current the following:

(1) Records sufficient to show the business day each routine item and each non-routine item is (i) received by the transfer agent, (ii) made available or turned around, and (iii) if applicable, rejected by the transfer agent;

(2) Records sufficient to show for each month:

(i) The number of routine items received;

(ii) The number of routine items received during the month that were turned around within the shorter of one business day or the time period specified by Rule 15c6-1(a);

(iii) The number of routine items received during the month that were not turned around within the shorter of one business day or the time period specified by Rule 15c6-1(a);

(iv) The number of non-routine items received during the month;

(v) The number of non-routine items received during the month that were turned around within the following time periods: within five business days, within six to 10 business days, within 11 to 15 business days, within 16 to 20 business days, and in more than 20 business days;

(vi) Reserved.

(vii) The number of non-routine items in such registered transfer agent's possession as of the close of business on the last business day of each month;

(viii) The number of items received during the month that were rejected by the transfer agent; and

(ix) The number of items received during the month that were rejected by the transfer agent for which written notification to the presenter was provided within one business day of receipt as required by Rule 17ad-2(c).

(3) With respect to items for which the registered transfer agent acts as an outside registrar:

(i) Records sufficient to show the date and time:

(A) Each item is (1) received from the presenting transfer agent and (2) made available to the presenting transfer agent;

(B) Each written or oral notice of refusal to perform the registrar function is made available to the presenting transfer agent (and the substance of the notice); and

(ii) Records sufficient to show for each month:

(A) The number of items received;

(B) The number of items processed within the time specified in § 240.17ad-2(b); and

(C) The number of items not processed within the time specified in § 240.17ad-2(b);

(4) A record of calculations demonstrating the registered transfer agent's monitoring of its performance under § 240.17ad-2 (a) and (b);

(5) A copy of any written notice filed pursuant to § 240.17ad-2;

(6) Any written inquiry or request, including those not subject to the requirements of § 240.17Ad-5, concerning an item, showing the date received; a copy of any written response to an inquiry or request, showing the

date dispatched or mailed to the presenter; if no response to an inquiry or request was made, the date the certificate involved was made available to the presenter; or, in the case of an inquiry or request under § 240.17Ad-5(a) responded to by telephone, a telephone log or memorandum showing the date and substance of any telephone response to the inquiry;

(7) A log, journal, schedule or other record showing the number of inquiries subject to § 240.17Ad-5 (a), (b), (c) and (d) received during each month but not responded to within the required time frames and the number of such inquiries pending as of the close of business on the last business day of each month;

(8) Records, including but not limited to documents, resolutions, contracts, appointments, or other writings, and any supporting documents, concerning the appointment and the termination of such appointment of such registered transfer agent to act in any capacity for any issue on behalf of the issuer, on behalf of itself as the issuer or on behalf of any person who was engaged by the issuer to act on behalf of the issuer;

(9) Any record of an active (*i.e.*, unreleased) stop order, notice of adverse claim or any other restriction on transfer;

(10) A transfer journal (or registrar journal if the transfer agent acts as an outside registrar), and a control book and master securityholder file (if the transfer agent is a recordkeeping transfer agent) for each securities issue for which the transfer agent is authorized to act on behalf of the issuer, including all records, documents, and information that compose such control book, transfer journal (or registrar journal), and master securityholder file; and

(11) Any records, documents, or other information upon which the transfer agent bases its determination that an item received for transfer was not routine, including any records, documents, or other information upon which the transfer agent bases its determination that an item was received in connection with a reorganization, tender offer, exchange, redemption, liquidation, conversion or the sale of securities registered pursuant to the Securities Act of 1933 and, accordingly, was not routine under § 240.17ad-1(i) (5) or (8).

(b) Every registered transfer agent which, under the terms of its agency, maintains securityholder records for an issue or which acts as a registrar for an issue shall, with respect to such issue, obtain from the issuer or its transfer agent and retain documentation setting forth the authorized securities for that issue and the total securities for that

issue that are issued and outstanding pursuant to issuer authorization.

(c) Every registered transfer agent which, under the terms of its agency, maintains securityholder records for an issue shall, with respect to such issue, retain each cancelled registered bond, debenture, share, warrant or right, other registered evidence of indebtedness, or other certificate of ownership and all accompanying documentation, except legal papers returned to the presenter.

* * * * *

■ 9. Revise the sectional numbering and § 240.17Ad-7 as follows:

§ 240.17ad-7 Record retention.

(a) Unless otherwise specified in this section, all records required to be made or kept under this Title, shall be maintained for a period of not less than six years, the first two years in an easily accessible place.

(b) Reserved.

(c) The records required by § 240.17ad-6(a) (8), (9) and (10) and (b) shall be maintained in an easily accessible place during the continuance of the transfer agency and shall be maintained for one year after termination of the transfer agency.

(d) Reserved.

(e) Every registered transfer agent shall maintain in an easily accessible place:

(1) All records required under § 240.17f-2(d) until at least three years after the termination of employment of those persons required by § 240.17f-2 to be fingerprinted; and

(2) All records required pursuant to § 240.17f-2(e).

(f) Subject to the conditions set forth in this section, the records required to be maintained pursuant to § 240.17ad-6, may be maintained, retained, or preserved using an electronic recordkeeping system for the time required by § 240.17ad-7. Records stored electronically in accordance with this paragraph may serve as a substitute for hard copy records.

(1) For purposes of this section:

(i) The term electronic recordkeeping system means a system designed to maintain, retain, or preserve records in a digital format.

(ii) Reserved.

(iii) Reserved.

(2) A registered transfer agent using an electronic recordkeeping system must:

(i) Implement reasonable controls to ensure the integrity, accessibility, reproducibility, redundancy, and continuity of records maintained, retained, or preserved using the electronic recordkeeping system, including, but not limited to, controls that:

(A) protect records from unauthorized changes or destruction, including safeguards to detect and prevent unauthorized alteration or loss of records;

(B) provide indexing and retrieval capabilities sufficient to allow immediate production of documents in both a human-readable format and in a reasonably usable electronic format;

(C) create an audit trail that tracks access, modification, and deletion of records, including the identity of the user and the date and time of the action or attempted actions, that is maintained, retained, and preserved using the same controls and for the same time period required by this section for the underlying records; and

(D) provide means to recover altered, damaged, or lost records resulting from any cause.

(g) A registered transfer agent, with respect to any record required to be maintained, retained, or preserved under this section or otherwise subject to examination under section 17(b) of the Exchange Act, must provide promptly upon demand from representatives of the Commission or the transfer agent's appropriate regulatory agency a legible, true, complete, and current copy of such record in a reasonably usable electronic format.

(h)

(1) Unless it has and maintains at all times independent access to such records, a registered transfer agent that uses a third party, including but not limited to an outside service bureau, another registered transfer agent, or the issuer, to maintain, retain, or preserve some or all of the records required to be maintained, retained, or preserved under this chapter, including by using an electronic recordkeeping system or by using servers or other storage mechanisms that are owned or operated by the third party, must obtain from such third party and file with the Commission and its appropriate regulatory agency, if not the Commission, a legally binding written agreement signed by a duly authorized person of the third party stating that:

"With respect to any records maintained, retained, or preserved on behalf of [Name of Transfer Agent], [Name of Third Party] hereby acknowledges that such records are subject at any time, to examination by representatives of the Commission or the appropriate regulatory agency for such registered transfer agent if it is not the Commission. Promptly upon request of representatives of the Commission or the appropriate regulatory agency, [Name of Third Party] will permit

examination of such records during regular business hours and will furnish to the Commission or appropriate regulatory agency legible, true, complete, and current copies of any records so requested."

(2) A registered transfer agent that uses a third party to maintain, retain, or preserve some or all of the records required to be maintained, retained, or preserved under this chapter, has independent access to such records if it can regularly access the records without the need of any intervention by the third party and through such access is able to:

(i) Permit examination of the records at any time by representatives of the Commission or its appropriate regulatory agency; and

(ii) Promptly furnish to the Commission or its appropriate regulatory agency a legible, true, complete, and current copy of such records.

(3) Agreement with a third party to maintain, retain, or preserve records shall not relieve a registered transfer agent from the responsibility to maintain, retain, or preserve records as required under this chapter.

(i) Within fifteen (15) calendar days of ceasing to perform transfer agent functions for an issue, a registered transfer agent must deliver, provide, or otherwise make available to the issuer or the issuer's designee all records required to be made and kept current under § 240.17ad-6(a) (1), (6), (9), (10) and (11), (b) and (c) related to that issue. When a registered transfer agent ceases to perform transfer agent functions for an issue, the responsibility of such transfer agent under § 240.17ad-7 to retain the records required to be made and kept current under § 240.17ad-6(a)(1), (6), (9), (10) and (11), (b) and (c) shall end upon the delivery of such records to the issuer or the issuer's designee, such as a successor transfer agent.

(j) Reserved.

(k) Every registered transfer agent shall maintain in an easily accessible place:

(1) The written policies and procedures required to be adopted and implemented pursuant to § 248.30(a)(1) of this chapter for no less than three years after the termination of the use of the policies and procedures;

(2) The written documentation of any detected unauthorized access to or use of customer information, as well as any response to, and recovery from such unauthorized access to or use of customer information required by § 248.30(a)(3) of this chapter for no less than three years from the date when the records were made;

(3) The written documentation of any investigation and determination made regarding whether notification is required pursuant to § 248.30(a)(4) of this chapter, including the basis for any determination made, any written documentation from the United States Attorney General related to a delay in notice, as well as a copy of any notice transmitted following such determination, for no less than three years from the date when the records were made;

(4) The written policies and procedures required to be adopted and implemented pursuant to § 248.30(a)(5)(i) of this chapter until three years after the termination of the use of the policies and procedures;

(5) The written documentation of any contract or agreement entered into pursuant to § 248.30(a)(5) of this chapter until three years after the termination of such contract or agreement; and

(6) The written policies and procedures required to be adopted and implemented pursuant to § 248.30(b)(2) of this chapter for no less than three years after the termination of the use of the policies and procedures.

* * * * *

■ 10. Amend § 240.17Ad-9 by:

- a. Revising the sectional numbering;
- b. Revising introductory undesignated paragraph;
- c. Revising paragraphs (a), (b), (d), (g), and (h);
- d. In paragraphs (e) and (f), removing the word "certificate" and adding in its place the word "position"; and
- e. Adding new paragraphs (m), (n), and (o).

The revisions and additions read as follows:

§ 240.17ad-9 Definitions.

As used in this section and §§ 240.17ad-10, 240.17ad-11, 240.17ad-12 and 240.17ad-13:

(a) *Position detail* includes, at a minimum, all of the following:

(1) The certificate number for certificated securities and, for all securities, an applicable unique identifier for the security;

(2) The number of shares for equity securities or the principal dollar amount for debt securities;

(3) The securityholder's full name and any other relevant identifying, titling, or formatting information necessary to accurately identify the specific securityholder to the exclusion of other securityholders;

(4) Contact information for the registered securityholder sufficient to enable the transfer agent to effectively deliver securityholder communications, dividends and other payments, legal

notices, and other communications, including at a minimum a physical mailing address;

(5) The issue date of the security;

(6) The cancellation date of the security;

(7) In the case of redeemable securities of investment companies, an appropriate description of each debit and credit (*i.e.*, designation indicating purchase, redemption, or transfer); and

(8) Any other identifying information about securities and securityholders the transfer agent reasonably deems necessary to its recordkeeping, operations, or for the efficient and effective research of record differences.

(b) *Master securityholder file* is the official list of individual securityholder accounts maintained by a registered transfer agent. The master securityholder file shall be maintained in electronic form and may consist of multiple linked files or systems. The specific technology, systems, or files that compose the master securityholder file are within the transfer agent's discretion, provided the transfer agent maintains at all times exclusive control over the master securityholder file.

(d) A *control book* is the record or other document that shows the total number of shares (in the case of equity securities) or the principal dollar amount (in the case of debt securities) of an issuer's authorized, issued, and outstanding securities.

* * * * *

(g) A *record difference* occurs when:

(1) The total number of shares or total principal dollar amount of securities in the master securityholder file does not equal the number of shares or principal dollar amount in the control book;

(2) The security transferred or redeemed contains position detail different from the position detail currently on the master securityholder file, which difference cannot be immediately resolved; or

(3) Position detail in the master securityholder file is inconsistent with the history of transactions in the transfer journal.

(h) A *recordkeeping transfer agent* is the registered transfer agent that maintains and updates the master securityholder file for an issue of securities. There can be only one recordkeeping transfer agent for a given issue of securities.

* * * * *

(m) The term *authorized securities* means the maximum number of shares of equity securities or principal amount of debt securities or number of units if relating to any other type of security

that can be issued by an issuer as authorized in the issuer's certificate of incorporation, charter, bond indenture, or similar governing document.

(n) A *transfer journal* is a record of all issuances, cancellations, transfers, distributions of cash or securities, additions and cancellations of position detail, and other information necessary to enable the transfer agent to track and document changes in security ownership, the movement of securities, and other changes.

(o) *Presentor* means the registered securityholder, the entitlement holder, and their authorized agents.

* * * * *

■ 11. Amend § 240.17Ad–10 by:

■ a. Revising the sectional numbering;

■ b. In the section heading, removing the word “certificate” and adding in its place the word “position” and removing the words “physical over-issuance” and adding in their place the word “overissuance”;

■ c. In paragraphs (a)(1), (a)(3), (f), and (h), removing the word “certificate” and adding in its place the word “position”;

■ d. Revising paragraph (a)(2);

■ e. Revising paragraph (c)(1);

■ f. In paragraph (c)(2), removing the word “mail” and adding in its place the word “provide”;

■ g. Revising paragraph (d);

■ h. Revising paragraph (f);

■ i. Revising paragraph (g);

■ j. Adding new paragraph (i).

The revisions and additions read as follows:

§ 240.17ad–10 Prompt posting of position detail to master securityholder files, maintenance of accurate securityholder files, communications between co-transfer agents and recordkeeping transfer agents, maintenance of current control book, retention of position detail and “buy-in” of overissuance.

(a) * * *

(2) As used in this paragraph, the term promptly means the following number of days after issuance, purchase, transfer, or redemption of a security:

(i) The shorter of one business day or the time period specified by Rule 15c6–1(a) under the Exchange Act, provided, however, that all securities transferred, purchased, redeemed or issued prior to record date, but posted subsequent thereto, shall be posted as of the record date.

* * * * *

(c)

(1) Within one business day following transfer of each security, every co-transfer agent shall provide to the recordkeeping transfer agent a record of debits and credits for every security transferred or issued.

* * * * *

(d) Every co-transfer agent shall respond within one business day of receipt to all inquiries from the recordkeeping transfer agent regarding records required to be provided by the co-transfer agent pursuant to § 240.17ad–10(c).

* * * * *

(f) Every recordkeeping transfer agent shall retain a record of all position detail deleted from the master securityholder file for a period of six years from the date of deletion.

(g)

(1) A registered transfer agent, in the event of any actual overissuance that such transfer agent caused and of which it has knowledge, shall, within 60 days of the discovery of such overissuance, buy in securities equal to the number of shares in the case of equity securities or the principal dollar amount in the case of debt securities. During the sixty-day period, the registered transfer agent shall devote diligent attention to resolving the overissuance and recovering the securities. This paragraph requires a buy-in only by the transfer agent that erroneously issued the securities giving rise to the overissuance, and applies only to those overissuances created by transfers or issuances subsequent to September 30, 1983.

(2) If a transfer agent obtains a letter from the party holding the overissued securities that confirms that the overissued securities will be returned to the transfer agent not later than thirty days after the expiration of the sixty-day period, the transfer agent need not buy in securities by the sixtieth day. If, however, the securities are not returned to the transfer agent within the additional thirty-day period, the transfer agent immediately must execute the buy-in in accordance with paragraph (g)(1) of this section.

(3) If the securities involved are covered by a surety bond indemnifying the transfer agent for all expenses incurred as a result of actual overissuance, the transfer agent need not buy in the securities. The transfer agent, however, shall devote diligent attention to resolving the overissuance and recovering the securities.

(4) For purposes of this paragraph, discovery of the overissuance occurs when the transfer agent identifies the erroneously issued securities and the registered securityholder(s).

* * * * *

(i) For purposes of this section, the term “overissuance” shall mean an out-of-balance condition wherein the securities issued and outstanding exceed the securities authorized and

outstanding, as reflected in the transfer agent's control book.

* * * * *

■ 12. Amend § 240.17Ad–11 sectional heading to read as follows:

§ 240.17ad–11 Reports regarding aged record differences, buy-ins and failure to post position detail to master securityholder and subsidiary files.

* * * * *

■ 13. Revise the sectional numbering and § 240.17Ad–12 to read as follows:

§ 240.17ad–12 Comprehensive risk management.

(a) Every registered transfer agent shall establish, maintain, and enforce written policies and procedures reasonably designed to:

(1) Ensure that all securities and funds in the transfer agent's possession, control, or custody are protected at all times against the risk of theft, loss, misappropriation, misuse, damage, destruction, and improper or unauthorized access; and

(2) Identify, measure, monitor, and mitigate any material custody, operational, cybersecurity, and other risks posed by or associated with the transfer agent's business, activities, and operations.

(b) All issuer, securityholder, and other third-party funds held by a registered transfer agent shall be maintained in a bank account designated as a "for the benefit of" account which shall be separate from any other bank account of the registered transfer agent.

(c) Every registered transfer agent shall establish, maintain, and enforce a written business continuity plan that (i) identifies and addresses events that pose a significant risk of disrupting the transfer agent's operations; (ii) ensures the timely recovery of the transfer agent's records; (iii) enables the timely resumption of the transfer agent's operations and fulfillment of its responsibilities and obligations; and (iv) is tested, reviewed, and updated no less frequently than annually.

* * * * *

■ 14. Amend Section 240.17Ad–13 by:

■ (a) Revising the sectional numbering and

■ (b) Removing and reserving paragraph (d)(2).

The revisions read as follows:

§ 240.17ad–13 Annual study and evaluation of internal accounting control.

(d) * * *

(2) Reserved.

* * * * *

■ 15. Amend Section 240.17Ad–17 by:

■ (a) Revising the sectional numbering and section heading;

■ (b) Adding paragraph (a)(3);

■ (c) Redesignating existing paragraph (a)(3) as (a)(4) and revising the paragraph;

■ (d) Revising paragraph (b)(2);

■ (e) Adding paragraph (b)(3);

■ (f) Revising paragraph (c)(1);

■ (g) Revising paragraph (c)(2);

■ (h) Revising paragraph (c)(3); and

■ (i) Revising paragraph (d).

The revisions and additions read as follows:

§ 240.17ad–17 Lost securityholders, inactive securityholders, and unresponsive payees.

(a) * * *

(3) Every recordkeeping transfer agent whose master securityholder file includes accounts of inactive securityholders and every broker or dealer that has customer security accounts that include accounts of inactive securityholders shall exercise reasonable care to notify such securityholders. In exercising reasonable care to notify such securityholders, each such recordkeeping transfer agent and broker or dealer shall provide not less than two written notifications to each inactive securityholder stating that such inactive securityholder has not been active in its account. The notifications should further state that some jurisdictions may consider inactive accounts to be unclaimed or abandoned property subject to escheatment and describe the steps a securityholder may take to show activity in the account. Such notifications must be provided no later than six (6) months after the securityholder became an inactive securityholder and no later than six (6) months after providing the first notification. Such notifications need not be provided if the securityholder ceases to be an inactive securityholder prior to the notifications being provided. Such notifications may be sent by any method reasonably expected to reach the inactive securityholder.

(4) A transfer agent, broker, or dealer need not conduct the searches set forth in paragraph (a)(1) of this section for a lost securityholder or provide the written notifications to an inactive securityholder as set forth in paragraph (a)(3) of this section if:

* * * * *

(b) * * *

(2) *Lost securityholder* means a securityholder:

(i) To whom an item of correspondence that was sent to the securityholder has been returned as undeliverable; provided, however, that if such item is re-sent within one month to the lost securityholder, the transfer

agent, broker, or dealer may deem the securityholder to be a lost securityholder as of the day the resent item is returned as undeliverable; and

(ii) For whom the transfer agent, broker, or dealer has not received information regarding the securityholder's new address.

(3) *Inactive securityholder* means a securityholder for whom the transfer agent, broker, or dealer has not observed any account activity for a period of 18 months. The term "account activity" by a securityholder includes any of the following actions regarding its account: electronically accessing the account, including account login or email access; any electronic communication with the transfer agent, broker, or dealer regarding the account; conducting a transaction in the account where the assets are held, including deposits or withdrawals of funds; indication of receipt of communications (such as read receipts); or any other affirmative indication or action that reasonably demonstrates that the securityholder is reachable and engaged with its account.

(c)

(1) The paying agent, as defined in paragraph (c)(2) of this section, shall provide not less than one written notification to each unresponsive payee, as defined in paragraph (c)(3) of this section, stating that such unresponsive payee has been sent a check that has not yet been negotiated or an electronic payment that was rejected and returned as undeliverable. Such notification may be sent with a check or other mailing subsequently sent to the unresponsive payee but must be provided no later than seven (7) months (or 210 days) after the sending of the not yet negotiated check or the rejected electronic payment. The paying agent shall not be required to send a written notice to an unresponsive payee if such unresponsive payee would be considered a lost securityholder by a transfer agent, broker, or dealer.

(2) The term *paying agent* shall include any issuer, transfer agent, broker, dealer, investment adviser, indenture trustee, custodian, or any other person that accepts payments from the issuer of a security and distributes the payments to the holders of the security.

(3) A securityholder shall be considered an unresponsive payee if a check is sent to the securityholder by the paying agent and the check is not negotiated before the earlier of the paying agent's sending the next regularly scheduled check, or the elapsing of six (6) months (or 180 days) after the sending of the not yet negotiated check, or if an electronic

payment sent to the securityholder by the paying agent is rejected and returned as undeliverable to the paying agent. A securityholder shall no longer be considered an *unresponsive payee* when the securityholder negotiates the check or checks that caused the securityholder to be considered an *unresponsive payee* or provides updated electronic payment instructions that result in a successful electronic transfer of funds.

* * * * *

(d) Every recordkeeping transfer agent, every broker or dealer that has customer security accounts, and every paying agent shall maintain records to demonstrate compliance with the requirements set forth in this section, which records shall include written procedures that describe the transfer agent's, broker's, dealer's, or paying agent's methodology for complying with this section, and shall retain such records in accordance with Rule 17ad-7(a) (§ 240.17ad-7(a)).

* * * * *

■ 16. Section 240.17ad-30 is added to read as follows:

§ 240.17ad-30 Compliance.

(a) Every registered transfer agent shall establish, maintain, and enforce written policies and procedures reasonably designed to:

(1) Achieve compliance with the federal securities laws and the rules and regulations thereunder applicable to the transfer agent; and

(2) Identify and remediate in a timely manner instances of non-compliance with the policies and procedures established under paragraph (a)(1) of this section.

(b) The policies and procedures established pursuant to paragraph (a) of this section shall be reviewed and approved by the transfer agent's board of directors or similar governing body no less frequently than annually or following material changes to either the transfer agent's operations or the federal securities laws and rules and regulations described in paragraph (a)(1) of this section.

■ 17. Section 240.17ad-31 is added to read as follows:

§ 240.17ad-31 Restrictive legends.

(a) With respect to each issue of securities it services on behalf of an issuer, every registered transfer agent shall:

(1) Obtain from the issuer and maintain a current list of issuer employees on whose instructions the transfer agent is authorized to act regarding the placement and removal of restrictive legends; and

(2) Refrain from acting on instructions from any person not included on the list required pursuant to paragraph (a)(1) of this section.

(b) Every registered transfer agent shall refrain from facilitating any unregistered securities transaction, including but not limited to processing or recording (i) an original issuance of securities not registered pursuant to the Securities Act of 1933, (ii) a request to remove a restrictive legend or stop order on any security, or (iii) a purchase, sale, or transfer of a security by an affiliate, officer, or director of the issuer of the security, unless the transfer agent has a reasonable basis to believe that the transaction does not violate, or is not part of a chain of transactions that would violate, Section 5(a) of the Securities Act of 1933.

(c) Non-exclusive safe harbor. A registered transfer agent may develop the reasonable basis required under paragraph (b) of this section if it:

(1) is not aware of circumstances indicating that the transaction may violate, or is part of a chain of transactions that may violate, Section 5(a) of the Securities Act of 1933; and

(2) obtains and reviews an opinion of counsel who is not an affiliate, officer, director, or employee of either the issuer or the individual or entity seeking to resell shares of the issuer that:

(i) identifies the documents and information the counsel reviewed and relied upon in providing the analysis required under paragraph (c)(1)(iii) of this section; and

(ii) analyzes the applicability and validity of a specific exemption from registration and, based on that analysis, opines that the specific transaction at issue may be conducted pursuant to the specific exemption from registration so identified; or

(3) otherwise determines that the transaction may be conducted pursuant to a specific exemption from registration and is not aware of circumstances indicating that the transaction may violate, or is part of a chain of transactions that may violate, Section 5(a) of the Securities Act of 1933.

(d) Any determination under paragraph (c)(3) of this section shall be supported by written documentation, reviewed and approved by management of the transfer agent, that:

(1) identifies the specific exemption from registration pursuant to which the relevant transaction may be conducted;

(2) identifies the documents and information the transfer agent reviewed and relied upon in making the determination under paragraph (c)(2) of this section; and

(3) identifies and analyzes the specific facts, including the documents and information that establish and support such facts, that support the transfer agent's determination under paragraph (c)(3) of this section.

PART 249b—FURTHER FORMS, SECURITIES EXCHANGE ACT OF 1934

■ 18. The general authority citation for part 249b continues to read as follows:

Authority: 15 U.S.C. 78a *et seq.*, unless otherwise noted;

* * * * *

■ 19. Revise Form TA-1 (referenced in § 249b.100).

Note: Form TA-1 is attached as Appendix A to this document. Form TA-1 will not appear in the Code of Federal Regulations.

■ 20. Revise Form TA-2 (referenced in § 249b.102).

Note: Form TA-2 is attached as Appendix B to this document. Form TA-2 will not appear in the Code of Federal Regulations.

By the Commission.

Dated: September 1, 2026.

Vanessa A. Countryman,
Secretary.

Note: The following appendices will not appear in the Code of Federal Regulations.

Appendix A—Form TA-1

Form TA-1

* * * * *

The individual listed as the contact person in Question 1(f) must be authorized to receive all compliance communications for the registrant and have responsibility for disseminating them as appropriate within the registrant's organization.

1(f)(i). Contact Name: _____

1(f)(ii). Contact Phone Number: _____

1(f)(iii). Contact Email Address: _____

* * * * *

3(f). Website Address: _____

* * * * *

6(a). Is registrant registered with the Securities and Exchange Commission in any other capacity?

☐ Yes ☐ No

If yes, provide registration type and SEC file number: _____

6(b). Does registrant have any other federal, state, or foreign registrations?

☐ Yes ☐ No

If yes, provide the following information:

Name of Agency Issuing Registration (in English): _____

Registration Number, if any: _____

Provide the jurisdiction (check the appropriate box and provide the name of the jurisdiction):

☐ US Federal _____

☐ US State or other US Jurisdiction _____

☐ Foreign Country Name (in English)

7. Does registrant have any control affiliates, as defined in Question 10?

☐ Yes ☐ No

If yes, provide the names of all such affiliates and any applicable registrations in Schedule A.

8. Completion of Question 8 on this form is required by all independent, non-issuer registrants whose appropriate regulatory authority is the Securities and Exchange Commission. Those registrants who are not required to complete Question 8 should select "Not Applicable."

Is registrant a:

☐ Corporation

☐ Partnership

☐ Sole Proprietorship

☐ Limited Liability Company

☐ Trust

☐ Other _____

☐ Not Applicable

Section for Initial Registration and for Amendments Reporting Owners, Executive Officers, or Other Control Persons

* * * * *

10. Applicant and Control Affiliate Disciplinary History:

The following definitions apply for purposes of answering this Question 10.

Control Affiliate—An individual or firm that directly or indirectly controls, is under common control with, or is controlled by applicant. Included are any employees identified in 8(a) of this form as exercising control. Excluded are any employees who perform solely clerical, administrative support or similar functions, or who, regardless of title, perform no executive duties or have no senior policy making authority.

* * * * *

Signature: Pursuant to Section 17(b) of the Securities Exchange Act of 1934, all records of registered transfer agents are subject to examination by SEC staff. If a registered transfer agent does not comply with Section 17(b), the Commission may seek all available relief against that transfer agent in district court and/or an administrative proceeding. Such relief includes, but is not limited to, an injunction, denial, suspension, and/or revocation of registration, and civil penalties. The registrant submitting this Form, and the person signing the Form, acknowledge that they understand and will comply with the requirement to make records available for examination. If, at any point, the firm believes it is unable to comply with its obligations to provide its records to SEC staff for examination, the firm should consider whether it needs to withdraw from registration. The registrant submitting this form, and as required Schedule A, and the executing official hereby represent that all information contained herein is true, correct, and complete.

11(a). Signature of Official Responsible for Form: _____

11(b). Telephone Number: _____

11(c). Title of Signing Officer: _____

11(d). Date Signed (Month/Day/Year): _____

12. Related Documents/Attachments

12(a). File Name: _____

12(b). Type of Attachment:

☐ Cover

☐ Correspondence

☐ Graphic

☐ Organizational Diagram

* * * * *

Form TA-1—Schedule A

Control Affiliates of the Registrant

Provide the name of any control affiliate of the registrant, and any federal, state, or foreign registration of such affiliate and the registration number. A separate response is required for each affiliate.

Name of affiliate: _____

Does the affiliate have an applicable federal, state, or foreign registration?

☐ Yes ☐ No

If yes, provide the following information:

Name of Agency Issuing Registration (in English): _____

Registration Number, if any: _____

Provide the jurisdiction (check the appropriate box and provide the name of the jurisdiction):

☐ US Federal _____

☐ US State or other US Jurisdiction _____

☐ Foreign Country Name (in English)

* * * * *

Instructions for Use of Form TA-1

* * * * *

B. Who Must File. Pursuant to Section 17A(c)(1) of the Act, it is unlawful for a transfer agent to perform any transfer agent function with respect to any qualifying security unless that transfer agent is registered with its ARA. A qualifying security is any security registered under Section 12 of the Act. Thus, qualifying securities include securities registered on a national securities exchange pursuant to Section 12(b) of the Act as well as equity securities registered pursuant to Section 12(g)(1) of the Act. In addition, qualifying securities include equity securities of registered investment companies and certain insurance companies that would be required to be registered under Section 12(g) except for the exemptions provided by paragraphs (g)(2)(B) and (g)(2)(G), respectively, of Section 12, *i.e.*, when the asset and shareholder criteria of Section 12(g)(1)(B) are met.

* * * * *

II. Special Instructions for Filing and Amending Form TA-1

* * * * *

C. Registration. Registrants must provide full and complete responses in the appropriate format.

1. Information relating to electronic filing. As an EDGAR filer, a registrant is required to provide the following:

a. Whether the form is a "live" or "test" filing submission;

b. Whether the registrant would like a Return Copy of the filing;

c. the registrant's Central Index Key ("CIK");

d. the registrant's CIK Confirmation Code ("CCC");

e. the contact email address for the registrant. The contact provided in response to Question 1(f) must be an individual authorized to receive all compliance communications for the registrant with responsibility to disseminate them as appropriate within the registrant's organization; and

f. the notification email address(es) for the registrant regarding the status of the submission.

Detailed instructions regarding the above are provided in the EDGAR Filer Manual, Volume I (General Requirements). A registrant that is granted a continuing hardship exemption from electronic filing pursuant to Rule 202 of Regulation S-T, 17 CFR 232.202, need only to provide its CIK.

2. In answering Question 3.a. of Form TA-1, Full Name of Registrant, provide the complete and accurate legal name of the entity that is registering as a transfer agent.

3. In answering Question 3.b. of Form TA-1, the term Financial Industry Number Standard (FINS number) means a six digit number assigned by The Depository Trust Company (DTC) upon request to financial institutions engaged in activities involving securities. Registrants that do not have a FINS number may obtain one by requesting it following the steps described on the DTC website (www.dtcc.com).

4. State in Question 3.c. the full address of the registrant's principal office where transfer agent activities are, or will be, performed; a post office box number is not acceptable. State in response to Question 3.d. the registrant's mailing address if different from the response to Question 3.c. You may provide a post office box number in response to Question 3.d.

5. For the purpose of answering Question 5, a transfer agent is an affiliate of, or affiliated with, a person, if the transfer agent directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, that person.

D. Questions 8 through 10. Only independent, non-issuer registrants are required to complete Questions 8 through 10. Registrants must provide the full names of the following owners, executive officers, or other control persons in response to Question 8(a):

- Each Chief Executive Officer, Chief Financial Officer, Chief Operations Officer, Chief Legal Officer, Chief Compliance Officer, director, and any other individuals with similar status or functions.

- If the registrant is organized as a corporation, each shareholder that is a direct or indirect beneficial owner of 5% or more of a class of the registrant's equity securities.

- If the registrant is organized as a partnership, all general partners and each limited and special partner that have contributed, 5% or more of the registrant's capital.

- In the case of a trust, (i) a person that directly owns 5% or more of a class of the

registrant's voting securities, or that has the right to receive upon dissolution, or has contributed, 5% or more of the registrant's capital, (ii) the trust, and (iii) each trustee.

• If the transfer agent is organized as a limited liability company ("LLC"), (i) each member that has the right to receive upon dissolution, or has contributed, 5% or more of the registrant's capital, and (ii) if managed by elected managers, all elected managers.

For purposes of Form TA-1, the term "person" would be defined as an individual, partnership, corporation, trust, or other organization, while the term "control" would be defined as the power to direct, or cause the direction of, the management or policies

of a person, whether through ownership, by contract, or otherwise. Any person that is a director, partner, or officer exercising executive responsibility (or having similar status or functions) or that directly or indirectly has the right to vote 25% or more of the voting securities or is entitled to 25% or more of the profits is presumed to be a control person.

* * * * *

Appendix B—Form TA-2

Form TA-2

* * * * *

The individual listed as the contact person in Question 1(f) must be authorized to receive all compliance communications for the registrant and have responsibility for disseminating them as appropriate within the registrant's organization.

1(f)(i). Contact Name: _____

1(f)(ii). Contact Phone Number: _____

1(f)(iii). Contact Email Address: _____

* * * * *

4(c). Total number of individual securityholder accounts, by security type, as of December 31:

Security type	Total number of individual securityholder accounts (as of December 31)
Corporate Equity Securities (market cap <=\$300 million). Corporate Equity Securities (market cap >\$300 million). Corporate Debt Securities. Non-Exchange Traded Open End Investment Company Securities. Exchange-Traded Funds. Closed End Investment Company Securities. Limited Partnership Securities. Municipal Debt Securities. Other Securities.	
Total.	

4(d). Number of issues serviced by Registrant for which physical certificates were in use during the reporting period: _____

4(e). Number of issues for which Registrant maintained the master securityholder file using distributed ledger technology, in whole or in part, during the reporting period: _____

5(a). Number of employees engaged in transfer agent functions or activities incidental thereto during the reporting period: _____

5(b). Registrant used the following Service Providers during the Reporting Period.

Check all that apply and provide name of service provider(s) that directly supports the performance of transfer agent functions:

☐ Bank(s): _____

☐ Escrow Agent(s): _____

☐ Recordkeeping System Provider(s): _____

☐ Lost Securityholder Search Provider(s): _____

☐ Printing and Mailing Services: SE2. _____

☐ Call Center Provider(s): _____

☐ Tokenization Agent(s): _____

☐ Distributed Ledger Technology Platform(s): _____

6(a). Number of issues, by security type, for which Registrant provided the following services as of December 31:

Security type	Number of issues for which Registrant provided the following services (as of December 31)					
	Received items for transfer	Maintained master securityholder file(s)	Provided direct registration system (DRS) services	Provided direct purchase plan (DPP) services	Provided dividend reinvestment services	Provided paying agent services
Corporate Equity Securities (market cap <=\$300 million). Corporate Equity Securities (market cap >\$300 million). Corporate Debt Securities. Non-Exchange Traded Open End Investment Company Securities. Exchange-Traded Funds. Closed End Investment Company Securities. Limited Partnership Securities. Municipal Debt Securities. Other Securities.						
Total.						

6(b). Number of issues, by tokenization model, serviced by the Registrant as of December 31:

Security type	Number of issues serviced by the registrant by tokenized security model (as of December 31)	
	Issuer-sponsored tokenized securities	Third party-sponsored tokenized securities
Corporate Equity Securities (market cap <=\$300 million). Corporate Equity Securities (market cap >\$300 million). Corporate Debt Securities. Non-Exchange Traded Open End Investment Company Securities. Exchange-Traded Funds. Closed End Investment Company Securities. Limited Partnership Securities. Municipal Debt Securities. Other Securities.		
Total.		

7(a). For the reporting period, amount (in dollars) of:

- Dividend disbursements to security holders: _____
- Interest or coupon payments to security holders: _____
- Principal payments to securityholders: _____
- Disbursements in connection with corporate actions to securityholders: _____

• Open end investment company purchases by securityholders: _____

• Open end investment company redemptions by securityholders: _____

• Stock purchases by securityholders: _____

• Other funds received from securityholders: _____

• Other funds disbursed to securityholders: _____

7(b). For the reporting period, amount (in units) of any in-kind distributions to securityholders: _____

* * * * *

9(a). Total number of routine items received during the reporting period: _____

9(b). Number of routine items that were not turned around or processed within the shorter of one business day or the time period specified in Rule 15c6–1(a) of the Act for each month of the reporting period.

January
February
March
April
May
June

July
August
September
October
November
December

* * * * *

13. Related Documents/Attachments

13(a). File Name: _____

13(b). Type of Attachment

☐ Cover

☐ Correspondence

☐ Graphic

☐ List of Issues Serviced as of December 31

* * * * *

Instructions for Use of Form TA–2

* * * * *

II. Special Instructions for Filing Form TA–2.

* * * * *

C. Report of Transfer Agent Activities.

Transfer agents must provide full and complete responses in the appropriate format.

1. Information related to electronic filing.

As an EDGAR filer, the transfer agent is required to provide the following:

a. Whether the form is a “live” or “test” filing submission;

b. Whether the transfer agent would like a Return Copy of the filing;

c. The transfer agent’s Central Index Key (“CIK”);

d. The transfer agent’s CIK Confirmation Code (“CCC”);

e. The contact email address for the transfer agent. The contact provided in response to Question 1(f) must be an individual authorized to receive all compliance communications for the registrant with responsibility to disseminate them as appropriate within the registrant’s organization; and

f. The notification email address(es) for the transfer agent regarding the status of the submission.

For more information regarding the above requirements see the EDGAR Filer Manual, Volume I (General Requirements). A transfer agent that is granted a continuing hardship exemption pursuant to Rule 202 of Regulation S–T, 17 CFR 232.202, need only provide its CIK.

* * * * *

4. In answering Question 4, the number of individual securityholder accounts should be determined separately for each issue and then added together to arrive at the total reported in response to each question. For example, if the transfer agent maintains the master securityholder file for two securities, and one security has five individual securityholder accounts, while the other security has the same five individual securityholder accounts, the transfer agent should report 10 in response to Question 4.b. Any identical securityholders for the two securities should be counted separately for each issue for the purpose of responding to Question 4.

5. In answering Question 6, debt securities are to be counted as one issue per CUSIP number. Open-end investment company securities portfolios are to be counted as one issue per CUSIP number.

* * * * *

[FR Doc. 2026–18190 Filed 9–3–26; 8:45 am]

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