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COMMODITY FUTURES TRADING COMMISSION

17 CFR Part 50

RIN 3038–AF69

Clearing Requirement Determination Under Section 2(h) of the Commodity Exchange Act for Interest Rate Swaps To Account for CAD and MXN Interest Rate Benchmark Transitions

AGENCY: Commodity Futures Trading Commission.

ACTION: Final rule.

SUMMARY: The Commodity Futures Trading Commission (Commission or CFTC) is amending its interest rate swap clearing requirement regulations under applicable provisions of the Commodity Exchange Act (CEA) to address the transition from the Canadian Dollar Offered Rate (CDOR) to the Canadian Overnight Repo Rate Average (CORRA), and the transition from the Mexican Interbank Equilibrium Interest Rate (la Tasa de Interés Interbancaria de Equilibrio, or TIIE by its Spanish acronym) to the TIIE Funding Rate (TIIE de Fondeo or F–TIIE), as benchmark reference rates for interest rate swaps denominated, respectively, in Canadian dollars (CAD) and Mexican pesos (MXN). These transitions are part of an ongoing global effort by market participants, benchmark administrators, regulators, and others to shift away from reliance on certain interbank offered rates (IBORs) that have become unavailable as benchmark reference rates and adopt alternative reference rates, which are predominantly overnight, nearly risk-free reference rates (RFRs). These amendments revise the set of interest rate swaps that are required to be submitted for clearing, pursuant to the CEA and the Commission's regulations, to a derivatives clearing organization (DCO) that is registered under the CEA (registered DCO) or a DCO that has been exempted from such registration (exempt DCO). The amendments modify the Commission's interest rate swap clearing requirement to reflect the market transitions from swaps referencing CAD CDOR and MXN TIIE to swaps referencing, respectively, CAD CORRA and MXN F–TIIE.

DATES: The amended rules are effective October 8, 2026.

FOR FURTHER INFORMATION CONTACT: Sarah E. Josephson, Deputy Director, at 202–418–5684 or *sjosephson@cftc.gov;* Daniel O'Connell, Special Counsel, at 202–418–5583 or *doconnell@cftc.gov;* or Philip Tumminio, Special Counsel, at 202–418–5910 or *ptumminio@cftc.gov,* Division of Clearing and Risk at the Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street NW, Washington, DC 20581.

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I. Background

A. Commission's Swap Clearing Requirement

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) established a comprehensive new regulatory framework for swaps.[1] Title VII of the Dodd-Frank Act (Title VII) amended the CEA to require, among other things, that a swap be cleared through a registered DCO or an exempt DCO if the Commission has determined that the swap, or group, category, type, or class of swaps, is required to be cleared, unless an exception to the clearing requirement applies.[2] The CEA, as amended by Title VII, provides that the Commission may issue a clearing requirement determination based either on a Commission-initiated review of a swap [3] or a swap submission from a DCO.[4]

Section 2(h)(2)(D)(ii) of the CEA requires the Commission to consider the following five factors when making a clearing requirement determination: (I) the existence of significant outstanding notional exposures, trading liquidity, and adequate pricing data; (II) the availability of rule framework, capacity, operational expertise and resources, and credit support infrastructure to clear the contract on terms that are consistent with the material terms and trading conventions on which the contract is traded; (III) the effect on the mitigation

[1] Dodd-Frank Wall Street Reform and Consumer Protection Act, Public Law 111–203, 124 Stat. 1376 (2010).

[2] Section 2(h)(1)(A) of the CEA, 7 U.S.C. 2(h)(1)(A).

[3] Section 2(h)(2)(A) of the CEA, 7 U.S.C. 2(h)(2)(A). Section 2(h)(2)(A) provides for a Commission-initiated review process whereby the Commission, on an ongoing basis, must review swaps, or a group, category, type, or class of swaps, to determine whether a swap, or a group, category, type, or class of swaps, should be required to be cleared.

[4] Section 2(h)(2)(B) of the CEA, 7 U.S.C. 2(h)(2)(B). Section 2(h)(2)(B)(i) requires that each DCO submit to the Commission each swap, or group, category, type, or class of swaps, that it plans to accept for clearing. The swaps subject to this determination were submitted by DCOs pursuant to CEA section 2(h)(2)(B)(i) and regulation 39.5(b), 17 CFR 39.5(b). Pursuant to section 2(h)(2)(B)–(C) of the CEA, the Commission must review swap submissions from DCOs to determine whether the swaps should be subject to required clearing. Regulation § 39.5(b) implements the procedural elements of section 2(h)(2)(B)–(C) by establishing the process by which a DCO must submit the swaps it offers for clearing to the Commission for purposes of considering a clearing requirement determination.

of systemic risk, taking into account the size of the market for such contract and the resources of the DCOs available to clear the contract; (IV) the effect on competition, including appropriate fees and charges applied to clearing; and (V) the existence of reasonable legal certainty in the event of the insolvency of the relevant DCO or one or more of its clearing members with regard to the treatment of customer and swap counterparty positions, funds, and property.[5]

The Commission adopted its first clearing requirement determination (First Determination) in 2012.[6] The First Determination was implemented between March 2013 and October 2013 based on the schedule described in regulation § 50.25 and the preamble to the First Determination.[7] The First Determination applied to interest rate swaps in four classes: fixed-to-floating swaps, basis swaps, forward rate agreements (FRAs), and overnight index swaps (OIS).[8]

In making its initial interest rate swap clearing determination, the Commission focused on the size of the interest rate swap market relative to the swap market overall, as well as the fact that these swaps were already widely being cleared on a voluntary basis.[9] As set forth in regulation § 50.4(a), the Commission required clearing for four classes of interest rate swaps satisfying six specifications related to (i) the currency in which the notional and payment amounts are specified; (ii) the floating rate index referenced in the swap; (iii) the stated termination date; (iv) optionality; (v) dual currencies; and (vi) conditional notional amounts.[10]

The Commission, in the First Determination, limited the interest rate swaps required to be cleared to those denominated in four currencies (U.S. dollar (USD), Euro (EUR), British pound (GBP), and Japanese yen (JPY)). The Commission noted that interest rate swaps denominated in these currencies comprised an outsized portion of the interest rate swap market in terms of notional amounts outstanding and trading volumes compared to interest rate swaps denominated in other currencies.[11]

The First Determination covered a number of interest rate swaps that reference interbank offered rates (IBORs), including fixed-to-floating swaps, basis swaps, and FRAs denominated in USD, GBP, JPY, and EUR, referencing the then existing USD London Interbank Offered Rate (LIBOR), GBP LIBOR, JPY LIBOR, and the Euro Interbank Offered Rate (EURIBOR), respectively. The First Determination also included OIS denominated in EUR referencing the Euro Overnight Index Average (EONIA), as well as OIS denominated in USD referencing FedFunds and GBP referencing the Sterling Overnight Index Average (SONIA). The Commission observed that interest rate swaps referencing those rates had significant outstanding notional amounts and trading liquidity.[12] The First Determination was implemented throughout 2013 by type of market participant pursuant to regulation § 50.25, in subpart B of part 50 of the Commission's regulations.

The Commission adopted its second clearing requirement determination for interest rate swaps (Second Determination) in 2016.[13] The Second Determination covered interest rate swaps in nine additional currencies: Australian dollar (AUD), Canadian dollar (CAD), Hong Kong dollar (HKD), Mexican peso (MXN), Norwegian krone (NOK), Polish zloty (PLN), Singapore dollar (SGD), Swedish krona (SEK), and Swiss franc (CHF), and was implemented between December 2016 and October 2018 in part based on the effective dates of analogous clearing mandates adopted by authorities in non-U.S. jurisdictions.[14] The Commission adopted the Second Determination largely in order to further harmonize its interest rate swap clearing requirement with those of other jurisdictions that had already issued, or were in the process of issuing, interest rate swap clearing mandates.[15] The Second Determination also covered swaps that reference additional IBORs, including fixed-to-floating swaps denominated in SGD referencing the Singapore Swap Offer Rate (SOR–VWAP) and fixed-to-floating swaps denominated in CHF referencing CHF LIBOR.[16]

The Commission adopted its third clearing requirement determination (Third Determination) in 2022.[17] The Commission adopted the Third Determination largely to address the global transition from IBORs to RFRs in the context of the existing interest rate swap clearing requirement without any expansion of the underlying requirement. Specifically, the Commission adopted the Third Determination to account for the transition from LIBOR to RFRs covering five currencies, along with the transition from SGD Singapore Dollar Swap Offer Rate—Volume-Weighted Average Price (SOR–VWAP) (which relied on USD LIBOR as an input) and EUR EONIA (which ceased publication on January 3, 2022) to corresponding RFRs.[18]

LIBOR was one of the world's most frequently referenced interest rate benchmarks and served as a reference rate for a wide variety of swaps and other financial products. More than a decade ago, a decline in the volume of interbank lending transactions that LIBOR was intended to measure, as well as government investigations concerning LIBOR, gave rise to concerns regarding the integrity and reliability of LIBOR and other IBORs.

Although LIBOR was subject to significant reform efforts, regulators and global standard-setting bodies did not view these reforms as a long-term solution. The transition away from LIBOR, which is described in detail in the Commission's Third Determination, was a multiyear, coordinated process

[5] 7 U.S.C. 2(h)(2)(D)(ii).

[6] Clearing Requirement Determination Under Section 2(h) of the CEA, 77 FR 74284 (Dec. 13, 2012) (First Determination).

[7] 17 CFR 50.25; First Determination, 77 FR at 74319–74321.

[8] *See generally* First Determination. By way of background, an interest rate swap is generally an agreement by counterparties to exchange payments based on a series of cash flows over a specified period of time, typically calculated using two different rates. Fixed-to-floating swaps are interest rate swaps in which the payment(s) owed on one leg of the swap is calculated using a fixed rate, and the payment(s) owed on the other leg is calculated using a floating rate. Basis swaps are interest rate swaps for which the payments for both legs are calculated using floating rates. FRAs are interest rate swaps in which payments are exchanged on a predetermined date for a single period and one leg of the swap is calculated using a fixed rate while the other leg is calculated using a floating rate set on a predetermined date. OIS are interest rate swaps for which one leg of the swap is calculated using a fixed rate and the other leg is calculated using a floating rate based on a daily overnight rate.

[9] *Id.* at 74287, 74307.

[10] 17 CFR 50.4(a).

[11] First Determination, 77 FR at 74308.

[12] *Id.* at 74309.

[13] Clearing Requirement Determination Under Section 2(h) of the Commodity Exchange Act for Interest Rate Swaps, 81 FR 71202 (Oct. 14, 2016) (Second Determination).

[14] 17 CFR 50.26; Second Determination, 81 FR at 71202–71228.

[15] Second Determination, 81 FR at 71203–71205. The Commission explained that such harmonization serves an important anti-evasion goal: if a non-U.S. jurisdiction issued a clearing requirement, and a swap dealer located in the United States were not subject to an analogous a clearing requirement under U.S. law, then market participants potentially could avoid the non-U.S. jurisdiction's clearing requirement by entering into a swap with a swap dealer located in the United States. *Id.* at 71203.

[16] *Id.* at 71205.

[17] Clearing Requirement Determination Under Section 2(h) of the Commodity Exchange Act for Interest Rate Swaps To Account for the Transition From LIBOR and Other IBORs to Alternative Reference Rates, 87 FR 52182 (Aug. 24, 2022) (Third Determination).

[18] *Id.* at 52183–52185; European Money Markets Institute, EONIA, available at *https://www.emmi-benchmarks.eu/benchmarks/eonia/*. LIBOR was produced in five currencies: USD, GBP, EUR, CHF, and JPY. LIBOR, ICE, available at *https://www.ice.com/iba/libor.*

involving the orderly cessation of LIBOR settings, market adoption of corresponding RFRs, and supporting steps by market participants, regulators, and others, including conversions of LIBOR swaps to RFR OIS at DCOs.[19] The transition was largely complete in June 2023 with the cessation or permanent loss of representativeness of the underlying markets of USD LIBOR and SGD SOR–VWAP.[20]

In the Third Determination, 30 days after the rule went into effect, the Commission (i) removed the requirement to clear swaps referencing GBP LIBOR, CHF LIBOR, and JPY LIBOR, and EUR EONIA, in each of the fixed-to-floating swap, basis swap, FRA, and OIS classes, as applicable; (ii) added a requirement to clear OIS referencing CHF Swiss Average Rate Overnight (SARON) (with a stated termination date range of seven days to 30 years), JPY Tokyo Overnight Average Rate (TONA) (seven days to 30 years), and EUR Euro Short-Term Rate (€STR) (seven days to three years); and (iii) extended the stated termination date range for GBP SONIA OIS required to be cleared to include seven days to 50 years. Shortly thereafter, on October 31, 2022, the Commission added a requirement to clear OIS referencing USD SOFR (seven days to 50 years) and SGD Singapore Overnight Rate Average (SORA) (seven days to 10 years).[21] Lastly, when USD LIBOR and SGD SOR–VWAP ceased publication, the Commission removed the clearing requirement applicable to swaps in the fixed-to-floating swap, basis swap, and FRA classes referencing those two rates.

In addition, regulators in other jurisdictions, including the UK, European Union, Australia, Japan, and Switzerland, updated their own interest rate swap clearing requirements to reflect the transition from LIBOR and other IBORs to corresponding RFRs.[22]

B. Global Progress on Benchmark Reform

While global benchmark reform efforts have focused on LIBOR, certain other IBORs continue to be published, and swaps referencing those rates remain subject to the Commission's interest rate swap clearing requirement, as well as clearing requirements in other jurisdictions. In adopting the Third Determination, the Commission noted that it may consider further modifications to the interest rate swap clearing requirement in regulation § 50.4 to address the cessation of additional IBORs and market adoption of corresponding RFRs.[23]

Since the Commission adopted the Third Determination, benchmarks for certain CAD- and MXN-denominated swaps subject to the Commission's interest rate swap clearing requirement became unavailable: CAD CDOR, which ceased publication on June 28, 2024;[24] and 28-day MXN TIIE, which Banco de México prohibited as a reference rate for new contracts entered into by the financial entities it regulates beginning on January 1, 2025, subject to a waiver period that allowed for the trading of new swaps referencing 28-day MXN TIIE until December 31, 2025, provided such swaps did not mature after that date.[25]

C. CAD and MXN Interest Rate Benchmark Transitions

With respect to both the CAD CDOR and MXN TIIE transitions, as was the case with the transition away from LIBOR, benchmark administrators and working groups established a transition plan, with DCOs and market participants playing an important role in the adoption of corresponding RFRs.

1. Transition From CAD CDOR to CAD CORRA

Prior to its cessation, CAD CDOR was the primary wholesale interest rate benchmark in Canada.[26] CAD CDOR was developed in the 1980s as a survey-based benchmark to determine the interest rate for bankers' acceptance (BA)-related credit facilities.[27] It measured the average rate at which Canadian banks were willing to lend to corporate borrowers with existing committed BA credit facilities.[28] Refinitiv Benchmark Services (UK) Limited (RBSL) administered CAD CDOR from December 31, 2014 until CAD CDOR's cessation.[29] Immediately prior to its cessation, RBSL calculated CAD CDOR based on submissions from

[19] *See* Clearing Requirement Determination Under Section 2(h) of the Commodity Exchange Act for Interest Rate Swaps to Account for CAD and MXN Interest Rate Benchmark Transitions, 91 FR 25812, 25814–25816 (May 12, 2026) (NPRM); Third Determination, 87 FR at 52183–52186.

[20] Settings for GBP LIBOR, CHF LIBOR, and JPY LIBOR ceased or became unrepresentative prior to June 2023, as did settings for EUR LIBOR. The Commission did not adopt a clearing requirement for swaps referencing EUR LIBOR.

[21] This implementation date aligned with the timing for the Bank of England's implementation of its USD SOFR interest rate swap clearing requirement; the International Swaps and Derivatives Association (ISDA) supported such timing, and no commenters opposed the implementation date. Third Determination, 87 FR at 52190–52191, 52204–52205.

[22] Bank of England, Public Register for the Clearing Obligation, Dec. 30, 2025, available at *https://www.bankofengland.co.uk/-/media/boe/files/eu-withdrawal/clearing-obligation-public-register.pdf;* European Securities and Markets Authority, Public Register for the Clearing Obligation under EMIR, June 4, 2024, available at *https://www.esma.europa.eu/sites/default/files/library/public_register_for_the_clearing_obligation_under_emir.pdf;* Australian Government, **Federal Register** of Legislation, Australian Securities and Investments Commission Derivative Transaction Rules (Clearing) 2026, Mar. 17, 2026, available at *https://www.legislation.gov.au/F2026L00262/latest/text;* Japan Securities Clearing Corporation (JSCC), List of Clearing Products, available at *https://www.jpx.co.jp/jscc/en/cash/irs/product.html* (the Japan Financial Services Agency requires the clearing of products cleared at the Japan Securities Clearing Corporation); Swiss Federal Authorities, FINMA Financial Market Infrastructure Ordinance, FinMIO–FINMA, Feb. 1, 2023, available at *https://www.fedlex.admin.ch/eli/cc/2015/855/en.*

[23] Third Determination, 87 FR at 52192 n. 94.

[24] *See* Canadian Alternative Reference Rate Working Group, CDOR Transition FAQs, July 10, 2024, available at *https://www.bankofcanada.ca/wp-content/uploads/2023/08/cdor-transition-faqs.pdf* (CDOR Transition FAQs).

[25] Banco de México, ''Transition from TIIE with tenors greater than one business day (28, 91 and 182 days) to the Overnight TIIE Funding Rate (TIIE de Fondeo),'' Dec. 20, 2022, available at *https://www.banxico.org.mx/markets/mexican-alternative-reference-rates-working-group/d/%7B2D6F5896-CF86-3F28-0C02-98D17B7542B9%7D.pdf* (discussing the transition from MXN TIIE to MXN F–TIIE); Banco de México, 10th Meeting of the Working Group on Alternative Reference Rates in Mexico (GTTR), Dec. 6, 2023, at 10, available at *https://www.banxico.org.mx/markets/mexican-alternative-reference-rates-working-group/d/%7B8AAAB86C-BAD5-AD0F-513C-B465BAFDE75E%7D.pdf* (discussing the waiver period). As discussed below, Banco de México prohibited the use of 91- and 182-day MXN TIIE as reference rates for new contracts entered by financial entities regulated by Banco de México as of January 1, 2024.

[26] As of 2021, CAD CDOR was referenced in over $20 trillion of gross notional exposure, ninety-seven percent of which was related to derivatives; namely, cleared interest rate swaps. Canadian Alternative Reference Rate Working Group, CARR's Review of CDOR: Analysis and Recommendations, Dec. 18, 2021, at 8, 10, available at *https://www.bankofcanada.ca/wp-content/uploads/2021/12/CARR-Review-CDOR-Analysis-Recommendations.pdf* (CDOR White Paper).

[27] *Id.* A banker's acceptance is an instrument by which a bank promises to make a requested future payment.

[28] In this manner, CAD CDOR was distinct from LIBOR, which measured the rate at which banks were able to *borrow.*

[29] CDOR White Paper at 9. Thomson Reuters was appointed as administrator of CAD CDOR (for which it was already calculation agent and distributor) as well as of CAD CORRA following a tender process announced by the Canadian Bankers Association and the Investment Industry Association of Canada. Thomson Reuters, ''Thomson Reuters to administer two of Canada's fundamental financial benchmarks,'' Jan. 6, 2015, available at *https://www.thomsonreuters.com/en/press-releases/2015/january/thomson-reuters-to-administer-two-of-canadas-fundamental-financial-benchmarks.html;* Investment Industry Association of Canada, CDOR/CORRA Administrator Tender Notice, June 2, 2014, available at *https://iiac-accvm.ca/wp-content/uploads/CDOR-CORRA-Tender-Notice.pdf.* Thomson Reuters sold Refinitiv, its financial and risk business which administered CAD CDOR, to the London Stock Exchange Group in 2021. Thomson Reuters, Thomson Reuters Announces Closing of Sale of Refinitiv to London Stock Exchange Group, Jan. 29, 2021, available at *https://www.thomsonreuters.com/en/press-releases/2021/january/thomson-reuters-announces-closing-of-sale-of-refinitiv-to-london-stock-exchange-group.html.*

six banks and published CAD CDOR for one-month, two-month, and three-month tenors.[30]

CAD CORRA, the interest rate benchmark that superseded CAD CDOR, measures the cost of overnight general collateral funding in CAD using Canadian treasury bills and bonds as collateral for repurchase (repo) transactions.[31] CAD CORRA is calculated based on overnight repo transactions between unaffiliated counterparties that are collateralized by Canadian treasury securities.[32] The underlying volume of daily transactions on which CAD CORRA is based has generally been in the range of $15 billion to $20 billion.[33]

The Bank of Canada first published CAD CORRA in 1997.[34] RBSL was appointed as administrator of CAD CORRA in 2014.[35] The Bank of Canada assumed the role of CAD CORRA's administrator from RBSL in June 2020 and has published the benchmark under an enhanced methodology since that time.[36]

In 2018, the Canadian Fixed-Income Forum (CFIF), a committee established by the Bank of Canada to discuss developments, practices, and policy issues in fixed-income markets, established the Canadian Alternative Reference Rate Working Group (CARR) to help guide benchmark reform efforts in Canada.[37] In December 2021, CARR, in response to a request from CFIF in consultation with the CAD CDOR contributor banks,[38] published a white paper analyzing the effectiveness of CAD CDOR as a benchmark in Canada.[39] CARR's findings included that the determination of CAD CDOR was based predominantly on expert judgment and that the BA lending model on which CAD CDOR was premised was no longer viewed as an effective way for banks to provide credit to corporate clients.[40] CARR also noted the departure of contributor banks could further imperil CAD CDOR's robustness.[41] These observations echoed concerns raised about LIBOR.[42]

CARR recommended that CAD CDOR should cease publication after June 30, 2024, and that markets should transition to CAD CORRA,[43] in a two-stage process: (1) by June 30, 2023, a transition of all new derivatives and securities exposures to CAD CORRA, with no new exposures subject to limited exceptions;[44] and (2) by June 30, 2024, CAD CDOR would no longer be published, there would be no new use of CAD CDOR, and applicable CAD CDOR fallbacks would come into effect for any remaining CAD CDOR exposures.[45]

Following a public consultation and announcement, among other steps, RBSL ceased calculation and publication of CAD CDOR after the June 28, 2024 publication.[46] DCOs supported the transition from CAD CDOR to CAD CORRA, as they did in the transition from LIBOR to corresponding RFRs. Prior to the cessation of CAD CDOR, Chicago Mercantile Exchange, Inc. (CME) and LCH Limited (LCH) cleared CAD CDOR fixed-to-floating swaps with maximum termination dates of, respectively, 31 years and 41 years.[47] LCH also cleared CAD CDOR–CAD CDOR and CAD CDOR–CAD CORRA basis swaps, both with a maximum termination date of 41 years.[48] CME and LCH currently clear CAD CORRA OIS with maximum termination dates, respectively, of 31 years and 41 years.[49] CME and LCH converted CAD CDOR swaps to CAD CORRA OIS ahead of the CAD CDOR cessation[50] and, post-conversion, neither DCO clears CAD CDOR swaps.[51]

[30] CDOR White Paper at 9–10.

[31] Bank of Canada, Canadian Overnight Repo Rate Average, available at *https://www.bankofcanada.ca/rates/interest-rates/corra/.*

[32] CDOR White Paper at 7.

[33] CDOR Transition FAQs.

[34] Bank of Canada, ''Bank of Canada to begin publishing Canadian Overnight Repo Rate Average in June,'' Feb. 18, 2020, available at *https://www.bankofcanada.ca/2020/02/bank-canada-begin-publishing-canadian-overnight-repo-rate-average-june/.*

[35] Thomson Reuters, ''Thomson Reuters to administer two of Canada's fundamental financial benchmarks,'' Jan. 6, 2015, available at *https://www.thomsonreuters.com/en/press-releases/2015/january/thomson-reuters-to-administer-two-of-canadas-fundamental-financial-benchmarks.html.*

[36] *Id.;* CDOR White Paper at 6–7. While CAD CDOR is a forward-looking rate (*i.e.,* the three-month CAD CDOR rate is the interest rate that will apply for the next three months), CAD CORRA is an overnight rate that reflects market activity on the previous day. To derive a CAD CORRA rate that spans a tenor period, which would make the rate easier to use in loans and floating rate notes, since April 2021, the Bank of Canada has published a CAD CORRA Compounded Index that compounds CAD CORRA settings over the relevant interest period. *Id.* at 8; Bank of Canada, Canadian Overnight Repo Rate Average, available at *https://www.bankofcanada.ca/rates/interest-rates/corra/.* In September 2023, Candeal Benchmark Solutions and TMX Datalinx launched one-month and three-month term CAD CORRA rates for use in certain loans and derivatives used to hedge them. Bank of Canada, ''Term CORRA to be launched on September 5, 2023,'' Aug. 10, 2023, available at *https://www.bankofcanada.ca/2023/08/term-corra-to-be-launched-on-september-5-2023/;* Canadian Alternative Reference Rate Working Group, ''CARR's allowable use cases for Term CORRA—Finalized,'' Aug. 29, 2023, available at *https://www.bankofcanada.ca/wp-content/uploads/2023/01/carr-approved-use-cases-term-corra.pdf.*

[37] CDOR White Paper at 5.

[38] *Id.*

[39] *See generally* CDOR White Paper.

[40] *Id.* at 22–25.

[41] *Id.* at 25.

[42] *See* Third Determination, 87 FR at 52219–52220.

[43] CDOR White Paper at 28.

[44] *Id.*

[45] *Id.* at 3, 28. A fallback rate is the rate provided for use in a contract if the benchmark that the contract uses becomes unavailable. ISDA, Understanding IBOR Benchmark Fallbacks, June 2, 2020, available at *https://www.isda.org/a/YZQTE/Understanding%20Benchmarks-Factsheet.pdf.* Under the ISDA 2020 IBOR Fallbacks Protocol, the fallback rate for CAD CDOR is a spread-adjusted version of CAD CORRA. *See* ISDA, ISDA 2020 IBOR Fallbacks Protocol, Oct. 23, 2020, at 41–42, available at *https://assets.isda.org/media/3062e7b4/08268161-pdf/.* CARR intended this phased approach to provide firms with additional time to transition loan agreements and manage potential issues related to the repapering of legacy securities. CDOR White Paper at 28.

[46] RBSL, Canadian Dollar Offered Rate (CDOR): Consultation on Potential Cessation of CDOR, Jan. 31, 2022, available at *https://www.lseg.com/content/dam/ftse-russell/en_us/documents/consultation/future-of-cdor-consultation.pdf;* RBSL, Canadian Dollar Offered Rate (CDOR) Announcement of Cessation of CDOR in June 2024, May 16, 2022, available at *https://www.lseg.com/content/dam/ftse-russell/en_us/documents/announcement/cdor-cessation-notice.pdf.*

[47] CME, Cleared OTC Interest Rate Swaps, Download Product Scope, available at *https://www.cmegroup.com/trading/interest-rates/cleared-otc.html;* LCH, LCH Limited Self-Certification: Tenor Extensions, Jan. 25, 2022, available at *https://www.lseg.com/content/dam/post-trade/en_us/documents/lch/proposed-rule-changes/lch-ltd/lch-self-ceort-hkd-nok-cad-extensions-20220125-final.pdf.*

[48] LCH, LCH Limited Self-Certification: Tenor Extensions, Jan. 25, 2022, available at *https://www.lseg.com/content/dam/post-trade/en_us/documents/lch/proposed-rule-changes/lch-ltd/lch-self-cert-hkd-nok-cad-extensions-20220125-final.pdf.*

[49] CME, Cleared OTC Interest Rate Swaps, Download Product Scope, available at *https://www.cmegroup.com/trading/interest-rates/cleared-otc.html;* LCH, Product Specific Contract Terms and Eligibility Criteria Manual, Nov. 2024, available at *https://www.lseg.com/content/dam/post-trade/en_us/documents/lch/rulebooks/lch-ltd/lch-product-specific-contract-terms-eligiblity-for-zar-zaronia-ois-compound-241104.pdf.*

[50] CME, Advisory Notice #24–136, CAD CDOR to CORRA Primary Swap Conversion—May 17, available at *https://www.cmegroup.com/content/dam/cmegroup/notices/clearing/2024/05/Chadv24-136.pdf;* CME, CME Conversion for CAD CDOR Cleared Swaps, Jan. 2024, available at *https://www.cmegroup.com/content/dam/cmegroup/trading/interest-rates/files/cme-conversion-for-cad-cdor-cleared-swaps.pdf* (CME CAD CDOR Conversion Presentation); London Stock Exchange Group, LCH SwapClear CAD CDOR Conversion Quick Guide, Feb. 21, 2024, available at *https://www.lch.com/system/files/?file=media_root/swapclear-cad-cdor-quickquide-021624-03.pdf* (LCH CAD CDOR Conversion Guide).

[51] CME, Cleared OTC Interest Rate Swaps, available at *https://www.cmegroup.com/trading/interest-rates/cleared-otc.html* (noting, ''Clearing support will be limited to spot and forward trades for swap products where an index cessation or modification effective date has occurred. Any IBOR indexed swaps submitted for clearing will be converted to a corresponding risk free rate (RFR) swap.''); LCH, What We Clear, available at *https://www.lseg.com/en/post-trade/clearing/lch-services/swapclear/what-we-clear.*

2. Transition From MXN TIIE to MXN F–TIIE

Banco de México began administering and publishing MXN TIIE in 1995 as a more accurate reflection of the cost of funding in the Mexican banking market than the existing Average Interbank Interest Rate (la Tasa Interés Interbancaria Promedio, or TIIP by its Spanish acronym).[52] Historically, each bank business day, Banco de México published 28-, 91-, and 182-day MXN TIIE rates calculated based on quotations submitted by a panel of commercial banks.[53]

In order to foster the sound development of the financial system and abide by the recommendations of international standard-setting bodies with respect to benchmark methodology, in January 2020, Banco de México began administering and publishing MXN F–TIIE as an alternative to MXN TIIE.[54] MXN F–TIIE is calculated based on a volume-weighted median of daily observed MXN-denominated wholesale overnight repurchase agreement transactions settled by banks and brokerage firms and secured by debt instruments issued by the Mexican government, the Mexican Bank Savings Protection Institute (Instituto para la Protección al Ahorro Bancario, or IPAB by its Spanish acronym), Banco de México.[55] Banco de México also announced enhancements to governance, accountability, and quality requirements with respect to MXN TIIE rates with maturities of greater than overnight, and a Code of Conduct for institutions that participate in determining MXN TIIE rates.[56]

In December 2022, after conducting an analysis supported by financial market participants in Mexico, Banco de México deemed it necessary to prohibit the use of MXN TIIE rates with tenors greater than one business day as reference rates for new contracts.[57]

Accordingly, Banco de México determined the following: (1) use of 91- and 182-day tenor MXN TIIE as reference rates would be prohibited for new contracts entered into by financial entities regulated by Banco de México beginning on January 1, 2024; (2) use of the 28-day MXN TIIE rate as a reference rate for new contracts entered into by the financial entities regulated by Banco de México would be prohibited beginning January 1, 2025; and (3) Banco de México would modify the methodology for calculation of MXN TIIE with tenors greater than one business day so that contracts tied to MXN TIIE with tenors greater than one business day that are still active as of the transition dates would not require adjustment through legal amendment.[58] On December 6, 2023, to address feedback from market participants related to implementation concerns, particularly management of basis risk, Banco de México announced that it would grant a waiver to permit trading in new swaps referencing the legacy MXN TIIE 28-day rate until December 31, 2025, provided the maturity of the transaction did not extend beyond that date.[59] On June 7, 2024, Banco de México finalized amendments to its transition timeline to account for the waiver period.[60]

Until the end of 2025, two registered DCOs cleared MXN TIIE swaps and MXN F–TIIE OIS. CME and LCH cleared fixed-to-floating interest rate swaps that reference 28-day MXN TIIE for a maximum stated termination date of,

[52] Banco de México, Informe Anual, 1995, at 130, available at *https://www.banxico.org.mx/publicaciones-y-prensa/informes-anuales/%7B04840DAE-89CE-942C-ADC0-7F8D6DD0971D%7D.pdf.* MXN TIIP was first published in 1993 and ceased publication in 2001. Banco de México, Economic Information System, Securities Prices and Interest Rates, Interbank Interest Rates (CF111), n.3, available at *https://www.banxico.org.mx/SieInternet/consultarDirectoriointernetAction.do?accion=consultarCuadro&idCuadro=CF111&sector=18&locale=en.* While both MXN TIIP and MXN TIIE were designed to serve as survey-based indicators of the cost of funds in the Mexican banking market, MXN TIIE accounts for the supply and demand curve for such loans. *See generally* FSB, Progress in Reforming Major Interest Rate Benchmarks, July 9, 2015, at 15, available at *https://www.fsb.org/uploads/OSSG-interest-rate-benchmarks-progress-report-July-2015.pdf.*

[53] Banco de México, Economic Information System, Securities Prices and Interest Rates, Representative Interest Rates (CA51), n.3, available at *https://www.banxico.org.mx/SieInternet/consultarDirectoriointernetAction.do?sector=18&accion=consultarCuadroAnalitico&idCuadro=CA51&locale=en.* The 28-, 91-, and 182-day MXN TIIE rates refer to the tenor of the interbank transactions that MXN TIIE is intended to measure.

[54] Banco de México, ''Publication of the overnight TIIE funding rate and improvement of TIIE rates with longer than overnight maturities,'' Jan. 15, 2020, available at *https://www.banxico.org.mx/publications-and-press/other-announcements/%7BA3CFC638-5913-1C42-1843-360A95F89A92%7D.pdf.*

[55] *Id.* Daily average turnover in the Mexican repo market is approximately MXN 2.4 trillion (approximately $117 billion). International Monetary Fund, Mexico: Financial Sector Assessment Program-Technical Note on Systemic Liquidity Management, Nov. 10, 2022, at 8, available at *https://www.elibrary.imf.org/downloadpdf/view/journals/002/2022/338/article-A001-en.pdf.*

[56] *Id.* The enhancements are reflected in Banco de México Circular 3/2012, available at *https://www.banxico.org.mx/marco-normativo/normativa-emitida-por-el-banco-de-mexico/circular-3-2012/%7B4E0281A4-7AD8-1462-BC79-7F2925F3171D%7D.pdf.*

[57] Banco de México, ''Transition from TIIE with tenors greater than one business day (28, 91, and 182 days) to the Overnight TIIE Funding Rate (TIIE de Fondeo),'' Dec. 20, 2022, available at *https://www.banxico.org.mx/markets/mexican-alternative-reference-rates-working-group/d/%7B2D6F5896-CF86-3F28-0C02-98D17B7542B9%7D.pdf.* Spanish-language versions of the consultation, draft provisions, comments, and comment summary are available at *https://www.banxico.org.mx/ConsultaRegulacionWeb/* (see, under ''Históricas,'' ''PROYECTO DE DISPOSICIONES PARA MODIFICAR LA CIRCULAR 3/2012, CON OBJETO DE ESTABLECER LAS FECHAS A PARTIR DE LAS CUALES SE RESTRINGIRÁ EL USO DE LAS TIIE A PLAZOS MAYORES A UN DÍA HÁBIL BANCARIO, ASÍ COMO MODIFICAR LA METODOLOGÍA PARA SU CÁLCULO''). *See also generally* Banco de México, 7th Meeting of the Working Group on Alternative Reference Rates in Mexico (GTTR), Mar. 2023, at 6–8, available at *https://www.banxico.org.mx/markets/mexican-alternative-reference-rates-working-group/d/%7BA0239E58-6DE1-A4BC-D0DE-88E94841D16F%7D.pdf* (summarizing comments on the consultation). Consistency with international efforts and best practices to move interest rate swap markets from survey-based IBORs to transaction-based RFRs was a significant consideration in Banco de México's decision. Banco de México, 4th Meeting of the Working Group on Alternative Reference Rates in Mexico (GTTR), Nov. 30, 2021, at 8, available at *https://www.banxico.org.mx/markets/mexican-alternative-reference-rates-working-group/d/%7B53572077-823D-FEA5-6B89-5D4584C21981%7D.pdf. See also* Banco de México, 6th Meeting of the Working Subgroup on Derivative Instruments Referenced to the Funding TIIE of the GTTR, Oct. 30, 2023, at 3, available at *https://www.banxico.org.mx/markets/mexican-alternative-reference-rates-working-group/d/%7B77DD82E8-D6CC-D5B4-345B-CEDFE130EEC5%7D.pdf;* Banco de México, 10th Meeting of the Working Group on Alternative Reference Rates in Mexico (GTTR), Dec. 6, 2023, at 3, 5, available at *https://www.banxico.org.mx/markets/mexican-alternative-reference-rates-working-group/d/%7B8AAAB86C-BAD5-AD0F-513C-B465BAFDE75E%7D.pdf;* Banco de México, 11th Meeting of the Working Subgroup on Derivative Instruments Referenced to the Funding TIIE of the GTTR, Feb. 1, 2024, at 5, available at *https://www.banxico.org.mx/markets/mexican-alternative-reference-rates-working-group/d/%7BA5419A19-1C19-9ED4-F429-8518FF28516E%7D.pdf.*

[58] Banco de México, ''Transition from TIIE with tenors greater than one business day (28, 91, and 182 days) to the Overnight TIIE Funding Rate (TIIE de Fondeo),'' Dec. 20, 2022, available at *https://www.banxico.org.mx/markets/mexican-alternative-reference-rates-working-group/d/%7B2D6F5896-CF86-3F28-0C02-98D17B7542B9%7D.pdf.* The new methodology was based on the overnight MXN TIIE rate on the day prior to the reference day being determined, compounded by the number of days of the corresponding term, with a fixed historical spread adjustment based on the historical median of the daily differences between MXN TIIE with tenors greater than one business day and MXN F–TIIE from November 2017 to October 2022, compounded by the number of days of the respective term. *Id.* The changes are reflected in Circular 3/2012 (new methodology for calculating MXN TIIE with tenors greater than one business day) and Circular 14/2007 (changes regarding restrictions on the use of MXN TIIE).

[59] Banco de México, 10th Meeting of the Working Group on Alternative Reference Rates in Mexico (GTTR), Dec. 6, 2023, at 10, available at *https://www.banxico.org.mx/markets/mexican-alternative-reference-rates-working-group/d/%7B8AAAB86C-BAD5-AD0F-513C-B465BAFDE75E%7D.pdf.*

[60] Banco de México, Circular 9/2024, June 7, 2024, *available at https://www.banxico.org.mx/marco-normativo/normativa-emitida-por-el-banco-de-mexico/circular-4-2012/%7B416701BC-FBE2-A422-6224-9D9E666ABA6A%7D.pdf.*

respectively, 31 years and 21 years.[61] Additionally, Asigna, a Mexican clearinghouse that is currently neither a registered DCO nor an exempt DCO, cleared fixed-to-floating interest rate swaps that reference 28-day MXN TIIE for a maximum stated termination date of 30 years.

In November 2024, CME and LCH converted cleared MXN TIIE swaps into market standard MXN F–TIIE OIS, as did Asigna.[62] CME and LCH, and Asigna, no longer offer fixed-to-floating interest rate swaps that reference 28-day MXN TIIE for clearing. Now CME and LCH clear OIS that reference MXN F–TIIE for a maximum stated termination date of, respectively, 31 years and 21 years.[63] Asigna clears MXN F–TIIE OIS with a maximum stated termination date range of 30 years.[64]

II. Domestic and International Coordination Efforts

The transitions from CAD CDOR to CAD CORRA and from MXN TIIE to MXN F–TIIE are further steps in a continuing effort by international standard-setting bodies such as International Organization of Securities Commissions (IOSCO) and the FSB, regulators, cross-jurisdictional working groups, market infrastructure providers, market participants, and others, to move global swap markets toward reliance on more sustainable benchmarks. Due to the cross-border nature of this effort, and the size of the affected markets, it is a priority for the Commission to engage with domestic and international regulators as it considers changes to the clearing requirement.

A. Domestic Coordination Efforts

The Commission is committed to working with the FRB, the FRBNY, the Securities and Exchange Commission (SEC), and other domestic authorities to ensure transparency in its efforts and, to the greatest extent possible, consistency in the transition from IBORs to RFRs. To this end, the Commission consulted with domestic authorities including the SEC, the FRB, and the FRBNY as part of this rulemaking process.

B. International Coordination Efforts

Section 752(a) of the Dodd-Frank Act directs the Commission to consult and coordinate with foreign regulatory authorities on the establishment of consistent international standards for the regulation of swaps.[65] The Commission accomplished this with respect to the Second Determination and Third Determination by considering the ways in which it could harmonize its clearing requirement with clearing requirements in other jurisdictions.[66] The Commission has long recognized the interconnectedness of the interest rate swap market, and the importance of consulting and coordinating with its counterparts in other jurisdictions in the adoption of clearing requirements in order to promote regulatory consistency and certainty, and to prevent the evasion of clearing requirements.[67]

As part of the rulemaking process, and consistent with the Third Determination, the Commission is working with its counterparts overseas to ensure a coordinated approach to required clearing of interest rate swaps during the move from use of swaps referencing IBORs to swaps referencing RFRs. As part of the ongoing regulatory dialogue among authorities, Commission staff consulted with counterparts, including those at Banco de México and the Canadian Securities Administrators (CSA). This type of dialogue reflects an effort to ensure consistency in interest rate swap clearing requirements across jurisdictions.

C. Clearing Requirements in Other Jurisdictions

In developing this final rule, the Commission considered relevant changes to clearing requirements in other jurisdictions, ensuring that any changes are harmonized, to the greatest extent possible, with those adopted by international counterparts. This goal is consistent with the Commission's approach in prior actions.

1. Canada

The United States currently requires clearing of CAD-denominated, CAD CDOR-referenced fixed-to-floating swaps with a stated termination date range of 28 days to 30 years, and CAD-denominated, CAD CORRA-referenced OIS with a stated termination date range of 7 days to 2 years.[68] Canada required

[61] CME, Cleared OTC Interest Rate Swaps, Download Product Scope, available at *https://www.cmegroup.com/trading/interest-rates/cleared-otc.html;* LCH, Product Specific Contract Terms and Eligibility Criteria Manual, Nov. 2024, available at *https://www.lseg.com/content/dam/post-trade/en_us/documents/lch/rulebooks/lch-ltd/lch-product-specific-contract-terms-eligiblity-for-zar-zaronia-ois-compound-241104.pdf.*

[62] Asigna, ''AVISO A SOCIOS LIQUIDADORES, PLATAFORMAS DE NEGOCIACIÓN, OPERADORES Y PÚBLICO EN GENERAL,'' Dec. 20, 2024, available at *http://www.asigna.com.mx/wb3/wb/ASG/ASG_repositorio/_vtp/ASG/11a0_2024/_rid/124/_mto/3/20241220_Segunda_Conversion.pdf?repfop=view&reptp=11a0_2024&repfiddoc=21973&repinline=true; see also* Asigna, Funding TIIE Swap and Rate Conversion, available at *https://bmv.com.mx/docs-pub/ASSETS/TIIE_Fondeo_Ingles_V5.pdf;* Asigna, ''AVISO A SOCIOS LIQUIDADORES, PLATAFORMAS DE NEGOCIACIÓN, OPERADORES Y PÚBLICO EN GENERAL,'' Oct. 16, 2024, available at *http://www.asigna.com.mx/wb3/wb/ASG/ASG_repositorio/_vtp/ASG/2469_banners/_rid/124/_mto/3/TIIE_Fondeo_Espanol_difusion.pdf?repfop=view&reptp=2469_banners&repfiddoc=20752&repinline=true.* Post-conversion, Asigna clears only MXN TIIE swaps that will mature before the end of Banco de México's waiver period. Asigna, ''AVISO A SOCIOS LIQUIDADORES, PLATAFORMAS DE NEGOCIACIÓN, OPERADORES Y PÚBLICO EN GENERAL,'' Oct. 16, 2024, at 3, available at *http://www.asigna.com.mx/wb3/wb/ASG/ASG_repositorio/_vtp/ASG/2469_banners/_rid/124/_mto/3/TIIE_Fondeo_Espanol_difusion.pdf?repfop=view&reptp=2469_banners&repfiddoc=20752&repinline=true;* CME, Conversion Plan: CME Cleared MXN TIIE Interest Rate Swaps, Mar. 2024, at 2, available at *https://www.cmegroup.com/articles/files/2024/proposal-for-cme-cleared-mxn-tiie-interest-rate-swaps-2024-03.pdf;* CME, Product Delisting Summary—MXN 28D TIIE Swap Clearing—Effective January 02, 2026, Jan. 2, 2026, available at *https://www.cmegroup.com/notices/clearing/2026/01/26-001.html;* LCH, LCH Consultation on Conversion of Outstanding Cleared MXN 28D–TIIE Contracts, Dec. 20, 2023, available at *https://www.lch.com/membership/ltd-membership/ltd-member-updates/lch-consultation-conversion-outstanding-cleared-mxn-0;* LCH, MXN 28D–TIIE Conversion Update, Oct. 10, 2024, available at *https://www.lch.com/membership/ltd-membership/ltd-member-updates/mxn-28d-tiie-conversion-update.*

[63] CME, Cleared OTC Interest Rate Swaps, Download Product Scope, available at *https://www.cmegroup.com/trading/interest-rates/cleared-otc.html;* LCH, Product Specific Contract Terms and Eligibility Criteria Manual, Nov. 2024, available at *https://www.lseg.com/content/dam/post-trade/en_us/documents/lch/rulebooks/lch-ltd/lch-product-specific-contract-terms-eligiblity-for-zar-zaronia-ois-compound-241104.pdf.*

[64] MexDer, Terms and Conditions for the Nominal Fixed Interest Rates and Nominal Variable 28-Day Interbank Equilibrium Interest Rates (TIIE28) Swap Contract, available at *http://www.mexder.com.mx/wb3/wb/MEX/MEX_Repositorio/_vtp/MEX/2052_swaps_contracts/_rid/21/_mto/3/20241115ENGLISHCGCS_CONTRATO_SWAP_TIIE28.pdf?repfop=view&reptp=2052_swaps_contracts&repfiddoc=8723&repinline=true;* MexDer, Terms and Conditions for the Nominal Fixed Interest Rates and the Nominal Variable Interest Rates (TIIE de Fondeo) Swap Contract, available at *http://www.mexder.com.mx/wb3/wb/MEX/MEX_Repositorio/_vtp/MEX/2052_swaps_contracts/_rid/21/_mto/3/20241115CGCs_Swaps_de_TIIE_de_Fondeo_EN.pdf?repfop=view&reptp=2052_swaps_contracts&repfiddoc=8722&repinline=true.*

[65] Section 752 is not codified in the CEA.

[66] Second Determination, 81 FR at 71203; Third Determination, 87 FR at 52186–52189.

[67] *E.g.,* Third Determination, 87 FR at 52189 (discussing comments on the Commission's third proposed clearing requirement determination supporting the Commission's goal of harmonizing its clearing requirement with those of non-U.S. jurisdictions); Second Determination, 81 FR at 71223 (noting that ''the interest rate swaps market is global and market participants are interconnected''); First Determination, 77 FR at 74287 (''The Commission is mindful of the benefits of harmonizing its regulatory framework with that of its counterparts in foreign countries. The Commission has therefore monitored global advisory, legislative, and regulatory proposals, and has consulted with foreign regulators in developing the final regulations.'').

[68] 17 CFR 50.4(a); CSA, CSA Notice of Publication—Amendments to National Instrument 94–101 Mandatory Central Counterparty Clearing of Derivatives and Changes to Companion Policy 94–

the same set of CAD CDOR-referenced swaps to be cleared prior to, and for a period after, the cessation of CAD CDOR, but has updated its clearing requirement, as discussed below. No other jurisdiction has a CAD-denominated interest rate swap clearing requirement.

On September 25, 2025, the CSA published amendments to Canada's interest rate swap clearing requirement.[69] Considering the decrease (or cessation) of use of certain swaps referencing IBORs, and the adoption of RFRs and the corresponding increase in the liquidity of RFR swaps and in the systemic importance of RFRs, the CSA removed certain categories of swaps from Canada's interest rate swap clearing requirement, and added certain other categories of swaps. Specifically, the CSA removed its clearing requirement in each of the fixed-to-floating, basis swap, OIS, and FRA classes, as applicable, with respect to swaps referencing CAD CDOR, USD LIBOR, GBP LIBOR, and EUR EONIA. The CSA additionally added a clearing requirement for OIS referencing USD SOFR (7 days to 50 years) and EUR €STR (7 days to 3 years) and modified the clearing requirement for OIS referencing GBP SONIA to include maturities of 7 days to 50 years. The CSA also modified its requirement to clear CAD CORRA OIS to include CAD CORRA OIS to include maturities of 7 days to 30 years.

In modifying its interest rate swap clearing requirement, the CSA reviewed the suitability of adding certain swaps to its clearing requirement using a multifactor analysis,[70] analyzed data reported by market participants to designated or recognized trade repositories in accordance with applicable regulations, and held discussions with recognized central counterparties.[71]

2. Mexico

Only the U.S. and Mexico required MXN TIIE swaps to be cleared. Regulation § 50.4 had required clearing of fixed-to-floating swaps denominated in MXN that reference TIIE–BANXICO, for a stated termination date range of 28 days to 21 years.[72] Following a consultation launched on June 2, 2023, Banco de México amended its rules for the execution of derivatives transactions to replace its requirement to clear MXN TIIE fixed-to-floating swaps with a stated termination date range of 56 days to 30 years with a requirement to clear MXN F–TIIE OIS with a stated termination date range of 28 days to 30 years, with the modifications effective on January 1, 2025.[73] Like the CSA, Banco de México amended its clearing requirement in consideration of a multifactor analysis.[74]

III. Overview of Comment Letters Received

On May 12, 2026, the Commission published a notice of proposed rulemaking (NPRM) seeking public input regarding how it should amend the interest rate swap clearing requirement to address the cessation or loss of representativeness of IBORs that have been used as benchmark reference rates in CAD- and MXN-denominated interest rate swaps and the market adoption of swaps that reference corresponding RFRs.

The proposal would amend regulation § 50.4(a) by: (1) removing from the clearing requirement interest rate swaps referencing CAD CDOR and MXN TIIE; (2) modifying the clearing requirement applicable to CAD-denominated OIS that reference CAD CORRA to include a maximum stated termination date of 30 years; and (3) adding a clearing requirement applicable to MXN-denominated OIS that reference MXN F–TIIE, with a maximum stated termination date of 21 years. The NPRM proposed an implementation date of 30 days after publication of final rules in the **Federal Register**.

The Commission received two comments on its NPRM: a comment from the International Swaps and Derivatives Association (ISDA) and a comment from an individual commenter. Both comment letters are available at *www.regulations.gov.*

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101 Mandatory Central Counterparty Clearing of Derivatives, Jan. 27, 2022, available at *https://www.osc.ca/sites/default/files/2022-01/csa_20220127_94-101_mandatory-central-counterparty.pdf.*

69 CSA, ''CSA adopts amendments to mandatory central counterparty clearing of derivatives,'' Sept. 25, 2025, available at *https://www.securities-administrators.ca/news/csa-adopts-amendments-to-mandatory-central-counterparty-clearing-of-derivatives/; see also* Ontario Securities Commission, National Instrument 94–101, available at *https://www.osc.ca/sites/default/files/2026-01/ni_20260119_94-101_unofficial-consolidation.pdf* (unofficial consolidation); CSA, B.6.1 CSA Notice of Consultation—Proposed Amendments to National Instrument 94–101 Mandatory Central Counterparty Clearing of Derivatives, Sept. 19, 2024, available at *https://www.osc.ca/sites/default/files/2024-09/csa_20240919_notice-consultation-amendments-94-101.pdf.* The comment period for the consultation closed on December 19, 2024.

70 The CSA considered factors including: (i) the availability of the derivative to be cleared by a regulated clearing agency; (ii) the level of standardization of the derivative; (iii) the effect of central clearing of the derivative on the mitigation of systemic risk, taking into account the size of the market for the derivative and the available resources of the regulated clearing agency to clear the derivative; (iv) whether mandating the derivative or class of derivatives to be cleared would bring undue risk to regulated clearing agencies; (v) the current liquidity in the market for the derivative or class of derivatives; (vi) the existence of capacity, operational expertise, and resources, with respect to a regulated clearing agency; and (vii) international harmonization. CSA, B.6.1 CSA Notice of Consultation—Proposed Amendments to National Instrument 94–101 Mandatory Central Counterparty Clearing of Derivatives, Sept. 19, 2024, available at *https://www.osc.ca/sites/default/files/2024-09/csa_20240919_notice-consultation-amendments-94-101.pdf.*

71 The CSA noted that as part of its analysis, for a review period of April 2023 to September 2023, and using data reported by market participants, the CSA analyzed monthly volume by assessing the number of transactions and the gross notional amount outstanding for certain OTC derivatives, including the gross notional by maturity, and the percentage of outstanding notional cleared each month of the reference period. *Id.*

72 17 CFR 50.4(a).

73 Spanish-language versions of the consultation, draft provisions, comments, and comment summary are available at *https://www.banxico.org.mx/ConsultaRegulacionWeb/* (see, under ''Históricas,'' ''PROYECTO DE DISPOSICIONES PARA MODIFICAR LA CIRCULAR 4/2012 DEL BANCO DE MÉXICO, CON OBJETO DE ESTABLECER LAS FECHAS A PARTIR DE LAS CUALES SE RESTRINGIRÁ EL USO DE LAS TIIE A PLAZOS MAYORES A UN DÍA HÁBIL BANCARIO COMO REFERENCIA PARA NUEVAS OPERACIONES''). The modifications are reflected in Banco de México Circular 7/2023, Sept. 8, 2023, available at *https://www.banxico.org.mx/marco-normativo/normativa-emitida-por-el-banco-de-mexico/circular-4-2012/%7B7D759428-892F-AD66-CF4F-B3D768ABD59A%7D.pdf* and in Banco de México Circular 4/2012, available at *https://www.banxico.org.mx/marco-normativo/normativa-emitida-por-el-banco-de-mexico/circular-4-2012/%7B97C62974-1C94-19AE-AB5A-D0D949A36247%7D.pdf. See also* Banco de México, 9th Meeting of the Working Group on Alternative Reference Rates in Mexico (GTTR), Aug. 15, 2023, at 4–6, available at *https://www.banxico.org.mx/markets/mexican-alternative-reference-rates-working-group/d/%7B0048779F-A14D-C07F-90F7-24E5E604E1D4%7D.pdf* (summarizing the consultation and results).

74 Banco de México considered (i) the degree of standardization of the terms and conditions of the derivatives transactions; (ii) the liquidity, depth, traded volume, and size of the derivatives transactions in the Mexican market; (iii) the number and type of entities that can trade and clear the derivatives transactions; (iv) the availability of pricing sources that are reasonable, reliable, and generally accepted; (v) the systemic risk associated with the execution of the derivatives transactions, and its impact on the stability of the Mexican financial system; (vi) the existence of companies that manage systems to facilitate trading of the products authorized by the National Banking and Securities Commission (Comisión Nacional Bancaria y de Valores or CNBV by its Spanish acronym), or foreign institutions that perform functions similar to those carried out by such companies that are recognized by the CNBV on which the derivatives transactions are traded; (vii) the existence of a clearinghouse or foreign institution that acts as a central counterparty, recognized by Banco de México, at which the derivatives transactions are cleared and settled; and (viii) the effect on competition, considering the fees associated with trading and clearing. Banco de México Circular 7/2023, Sept. 8, 2023, available at *https://www.banxico.org.mx/marco-normativo/normativa-emitida-por-el-banco-de-mexico/circular-4-2012/%7B7D759428-892F-AD66-CF4F-B3D768ABD59A%7D.pdf.*

ISDA's comment letter supported the NPRM and welcomed the Commission's alignment with other jurisdictions. However, ISDA recommended the Commission adopt an implementation period longer than the 30 days the Commission proposed.[75] The individual commenter commented on several different aspects of the NPRM. The Commission addresses both comments below.

IV. Final Amendments to Regulation § 50.4(a)

The Commission is finalizing amendments to regulation § 50.4(a) in ways parallel to that of the proposal: (1) removing its CAD CDOR and MXN TIIE interest rate swap clearing requirements given that those swaps are no longer offered for clearing; (2) modifying its CAD CDOR OIS clearing requirement to account for the shift in the CAD interest rate swap market; and (3) adding a requirement to clear MXN F–TIIE OIS to account for the shift in MXN interest rate swap market.

The amendments update the existing clearing requirement, in effect replacing the requirement to clear certain IBOR swaps with a requirement to clear corresponding RFR OIS because the IBOR swaps have become unavailable and liquidity has shifted into RFR OIS. Accordingly, pursuant to this final rulemaking, the Commission will no longer require swaps denominated in CAD that reference CAD CDOR and swaps denominated in MXN that reference MXN TIIE, as floating rate indexes in the fixed-to-floating swap class, to be cleared. Indeed, neither CME nor LCH, nor any other clearinghouse, currently offer these swaps for clearing.

To account for the transition to RFRs, the Commission is amending the OIS class of interest rate swaps under regulation § 50.4(a) that are required to be cleared to include the following:

- Swaps denominated in CAD that reference CAD CORRA as a floating rate index with a stated termination date range of seven days to 30 years; and
- Swaps denominated in MXN that reference MXN F–TIIE as a floating rate index with a stated termination date range of 28 days to 21 years.[76]

These amendments are legally effective 30 days after publication of the final rule in the **Federal Register** and they will be implemented at that time. Further discussion of implementation appears below.[77]

V. Determination Analysis for RFR OIS

The Commission is amending its interest rate swap clearing requirement to include OIS referencing MXN F–TIIE and additional OIS referencing CAD CORRA by adopting a new clearing requirement determination. The Commission completed a review of the current CAD CORRA and MXN F–TIIE OIS offered for clearing and considered the five specific statutory factors required to make a new clearing requirement determination.

A. General Description of Information Considered

CME and LCH provided the Commission with regulation § 39.5(b) submissions relating to CAD CORRA and MXN F–TIIE OIS.[78] In addition to the DCOs' submissions, the Commission looks to the ability of each DCO to clear MXN F–TIIE OIS and additional CAD CORRA OIS, DCO swap data, swap data repository (SDR) data, publicly available data, the rule frameworks and risk management policies of each DCO, and information provided through public comment.

This clearing requirement determination is similar to the Commission's Third Determination because it follows a consensus-driven market event that was announced in advance and features liquidity shifting to new benchmark rates from rates that have become unavailable. Notably, though, prior market adoption in Canada and Mexico and significant voluntary clearing in the United States means that this clearing requirement determination will have limited, if any, market effect.

B. Consistency With DCO Core Principles Under Section 2(h) of the CEA

Section 2(h)(2)(D)(i) of the CEA requires the Commission to determine whether a clearing requirement determination is consistent with core principles for DCOs set forth in section 5b(c)(2) of the CEA.[79] CME and LCH are registered DCOs that clear the RFR OIS subject to this rulemaking.[80] CME and LCH are required to comply with the DCO core principles and applicable Commission regulations, and these DCOs are subject to the Commission's examination and risk surveillance programs.

The Commission notes the importance of its ongoing examination and risk surveillance programs for all registered DCOs, as well as its ability to work with fellow authorities to ensure DCOs located outside the United States remain in compliance with the highest standards. In 2016, the Commission explained the rigor of the DCO registration and exemption processes, along with subsequent examination and risk surveillance scrutiny that DCOs receive. These processes remain in place and have been enhanced over the intervening years.[81]

The Commission believes that CME and LCH will be able to maintain compliance with the DCO core principles and applicable Commission regulations following adoption of this clearing requirement determination. For the reasons discussed below, the Commission has determined that subjecting MXN F–TIIE OIS or additional CAD CORRA OIS to required clearing is unlikely to impair CME's or LCH's ability to comply with the DCO core principles, along with applicable Commission regulations.

Clearing the RFR OIS swaps subject to this determination does not pose financial or legal risks that are materially distinguishable from those posed by the IBOR interest rate swaps and OIS that the Commission required to be cleared in 2012 and 2016, or the OIS that the Commission required to be cleared in 2022. For additional information regarding the ability of DCOs to clear these swaps, see the

[75] ISDA Comment Letter. ISDA additionally requested the Commission consider an exemption from the clearing requirement for transactions arising from post-trade risk reduction exercises, such as multilateral compression, portfolio rebalancing, and optimization exercises. This matter is beyond the scope of this rulemaking.

[76] The amendments to regulation § 50.4(a) will express the relevant index as ''MXN–TIIE ON–OIS Compound,'' as described in CME's and LCH's regulation 39.5(b) submissions, rather than as ''F–TIIE.'' For the avoidance of doubt, the Commission observes that ''MXN–TIIE ON–OIS Compound'' and ''F–TIIE'' refer to the same rate. This approach is consistent with the approach taken in designating the floating rate index with respect to the Commission's clearing requirement for MXN-denominated fixed-to-floating swaps in regulation § 50.4(a). *See* Second Determination, 81 FR 71226 & n.165.

[77] Specific implementation timing is set forth in section VI.

[78] Regulation § 39.5(b) submissions from DCOs are available on the Commission's website, *www.cftc.gov,* under DCO Swaps Submissions.

[79] 7 U.S.C. 2(h)(2)(D)(i). The core principles address numerous issues, including financial resources, participant and product eligibility, risk management, settlement procedures, default management, system safeguards, reporting, recordkeeping, public information, and legal risk, among other subjects. 7 U.S.C. 7a–1(c)(2). The Commission implemented the core principles through regulations that are applicable to registered DCOs. 17 CFR part 39.

[80] No exempt DCOs offer CAD CORRA or MXN F–TIIE OIS for clearing.

[81] Second Determination, 81 FR at 71207–08. In particular, Commission staff monitors the risks posed to and by DCOs, clearing members, and market participants, including market risk, liquidity risk, credit risk, and concentration risk with the objective (1) to identify positions in cleared products subject to the Commission's jurisdiction that pose significant financial risk; and (2) to confirm that these risks are being appropriately managed.

discussion of Factor II in the Commission's determination analysis below.

C. Conclusions Regarding Consideration of Section 2(h)'s Five Statutory Factors

Set forth below is the Commission's consideration of the five factors set forth in section 2(h)(2)(D)(ii) of the CEA as they relate to the specific OIS being added to the interest rate swap clearing requirement, which includes OIS (i) denominated in CAD and referencing CORRA (added as a function of modifying the maximum termination date range for CAD CORRA OIS required to be cleared) and (ii) denominated in MXN and referencing F–TIIE.[82]

1. Factor (I)—Outstanding Notional Exposures and Trading Liquidity

Liquidity has shifted from swaps referencing CAD CDOR and MXN TIIE to, respectively swaps referencing CAD CORRA and MXN F–TIIE. The first of the five factors under section 2(h)(2)(D)(ii) of the CEA requires the Commission to consider ''the existence of significant outstanding notional exposures, trading liquidity, and adequate pricing data'' related to ''a submission made [by a DCO].'' [83] In issuing past clearing requirement determinations, the Commission reviewed data from multiple sources, including data from SDRs and DCOs and other publicly available data, principally concerning notional exposures and counts of transactions in the relevant swaps.[84] For purposes of this rulemaking, the Commission similarly considered data from multiple such sources and principally considered notional exposures and trading liquidity based on the Commission's own collected data.

a. Outstanding Notional Exposures and Trading Liquidity

The Commission reviewed data to determine whether there is an active market for the swap, including whether there is a measurable amount of notional exposure and whether the swap is traded regularly, as reflected by trade count. The data presented in the NPRM and below indicate that there is sufficient outstanding notional exposure and trading liquidity in RFR OIS to support a clearing requirement determination.[85]

Specifically, the data generally demonstrates that there is significant and steady activity in new CAD CORRA and MXN F–TIIE OIS, with little to no notional outstanding in CAD CDOR and MXN TIIE fixed-to-floating swaps. The Commission compiled the data used in tables 1–4 below from transaction data collected under part 45 of the Commission's regulations.[86] This analysis also supports a DCO's ability to adequately risk manage the swap. In this final rulemaking, for tables 1–4 below, the Commission presents additional months of data beyond the January 2026 through March 2026 data presented in the NPRM.[87] The Commission believes this data demonstrates relatively consistent activity in the relevant OIS across six months. The additional three months of data also confirm there is effectively no activity in the case of CAD CDOR and only limited activity in MXN TIIE fixed-to-floating swaps.

In Table 1 below, the Commission provides estimates of notional transacted by month for CAD CORRA and MXN F–TIIE OIS, and CAD CDOR and MXN TIIE fixed-to-floating swaps, for the period beginning January 1, 2026 and ending June 30, 2026.

TABLE 1—ESTIMATED NOTIONAL TRANSACTED

[USD billions] [88]

Product	January 2026	February 2026	March 2026	April 2026	May 2026	June 2026
CAD CDOR Fixed-to-Floating Swaps	$0	$0	$0	0	0	0
CAD CORRA OIS	2,735	1,520	1,666	1,105	1,978	1,029
MXN TIIE Fixed-to-Floating Swaps	0	0	0	0	0	0
MXN F–TIIE OIS	428	620	1,004	605	578	607

Table 2 below provides estimates of trade counts for the same categories of RFR and IBOR swaps during the same six-month period. The data in Table 2 indicates that, with respect to CAD CORRA OIS, monthly trade count was relatively consistent between January 2026 and June 2026, while trade counts for CAD CDOR fixed-to-floating swaps stood at zero. With respect to MXN-denominated interest rate swaps, from January 2026 through June 2026, there was a significant number of transactions in MXN F–TIIE OIS alongside comparatively few transactions in MXN TIIE fixed-to-floating swaps.

TABLE 2—ESTIMATED TRADE COUNT [89]

Product	January 2026	February 2026	March 2026	April 2026	May 2026	June 2026
CAD CDOR Fixed-to-Floating Swaps	0	0	0	0	0	0

[82] The Commission is conducting this analysis only with respect to the swaps that are being added to the clearing requirement under this determination. As was the case in 2022, the decision to remove swaps that are no longer offered for clearing from Commission regulation § 50.4 is not considered in this analysis.

[83] 7 U.S.C. 2(h)(2)(D)(ii).

[84] *See* First Determination, 77 FR at 74306–74307; Second Determination, 81 FR at 71211–71216; Third Determination, 87 FR at 52195–52199.

[85] Data considered includes all material presented in the NPRM along with updated additional information presented in this final rule.

[86] The data presented in these tables is the same as the data used to create the Commission's weekly swaps report. This data represents only those swaps that are reported to the CFTC's registered SDRs by swap market participants. The Commission's weekly swaps report currently incorporates data from three SDRs (CME Group SDR, DTCC Data Repository, and ICE Trade Vault). The raw SDR data has been filtered to represent, as accurately as possible, the market-facing trades that occur and excludes certain inter-affiliate transactions. For more information about the data components in the weekly swaps report, please visit the CFTC's web page available at: *https://www.cftc.gov/MarketReports/SwapsReports/index.htm.*

[87] NPRM, 91 FR at 25824–25826.

[88] The data in Table 1 is based on the Commission's weekly swaps report data. In this table, a notional figure of $0 billion indicates that the notional transacted during a given time period was less than $1 billion.

[89] The data in Table 2 is based on the Commission's weekly swaps report data.

TABLE 2—ESTIMATED TRADE COUNT [89]—Continued

Product	January 2026	February 2026	March 2026	April 2026	May 2026	June 2026
CAD CORRA OIS	8,745	5,584	8,879	6,005	5,914	6,658
MXN TIIE Fixed-to-Floating Swaps	3	14	5	6	18	10
MXN F–TIIE OIS	7,246	8,051	15,206	9,912	8,947	9,772

Table 3 below presents estimates of the percentage of notional cleared for CAD CORRA and MXN F–TIIE OIS, based on notional transacted by month during the period beginning January 1, 2026 and ending June 30, 2026. The data in Table 3 illustrate that, with respect to CAD CORRA and MXN F–TIIE OIS, a majority of the notional traded month-to-month is already cleared voluntarily and, perhaps, due to changes in Canadian and Mexican law, as discussed in section II.C above.[90]

TABLE 3—ESTIMATED PERCENTAGE OF NOTIONAL CLEARED

[Based on notional transacted by month] [91]

OIS	Percentage notional cleared— January 2026 (%)	Percentage notional cleared— February 2026 (%)	Percentage notional cleared— March 2026 (%)	Percentage notional cleared— April 2026 (%)	Percentage notional cleared— May 2026 (%)	Percentage notional cleared— June 2026 (%)
CAD CORRA	99	96	98	97	97	99
MXN F–TIIE	87	90	90	87	86	85

Table 4 below presents a breakdown of notional transacted and trade count by tenor for the period beginning March 1, 2026 and ending March 31, 2026, which was presented in the NPRM. This chart also includes updated data by tenor for the period beginning June 1, 2026 and ending June 30, 2026, for cleared CAD CORRA and MXN F–TIIE OIS. With respect to CAD CORRA and MXN F–TIIE OIS, Table 4 illustrates that these OIS are being cleared across a wide range of maturities, with most clearing activity by notional and trade count occurring in CAD CORRA and MXN F–TIIE OIS dated 15 years or shorter. Table 4 illustrates that there is a more limited amount of activity in CAD CORRA and MXN F–TIIE OIS dated longer than 15 years, with greater activity in CAD CORRA OIS dated longer than 15 years than in MXN F–TIIE OIS dated longer than 15 years.

TABLE 4—ESTIMATED CLEARED NOTIONAL AND TRADE COUNT BY TENOR [92]

OIS	Tenor	March 2026 transaction data		June 2026 transaction data	
		Notional cleared (USD billions)	Trade count	Notional cleared (USD billions)	Trade count
CAD CORRA	7 days–3 months	$922	510	$511	344
	3–6 months	26	49	20	32
	6 months–1 year	118	690	79	328
	1–5 years	463	4,772	311	3,490
	5–15 years	103	2,360	99	1,978
	>15 years	12	494	10	486
MXN F–TIIE	7 days–3 months	205	571	161	237
	3–6 months	148	793	48	250
	6 months–1 year	332	3,094	180	1,736
	1–5 years	294	8,262	196	5,948
	5–15 years	26	2,475	22	1,592
	>15 years	0	11	0	9

In addition to this transaction-level data, Table 5 below presents open swaps data illustrating outstanding notional in CAD CORRA and MXN F–TIIE OIS. The Commission notes that the data is consistent over the additional three-month period.

[90] While, as the estimates below demonstrate, there are variations in the proportion of notional cleared month-to-month, these percentages are generally consistent with the clearing rates observed for the RFR swaps that were the subject of the Third Determination and are higher than the clearing rates observed for many of the swaps subject to the Second Determination. *See* Third Determination, 87 FR at 52196, table 4; Second Determination, 81 FR at 71234.

[91] The data in Table 3 is based on the Commission's weekly swaps report data.

[92] The data in Table 4 is based on the Commission's weekly swaps report data. Tenor length is approximate. In Table 4, a notional figure of $0 billion USD indicates that the notional transacted during a given time period was less than $1 billion.

[93] The data in Table 6 represents swaps that have been cleared at CME and LCH and reported to the CFTC under part 39 of the Commission's regulations. The data includes payer/receiver values and outstanding notional associated with swaps generated from conversion processes.

TABLE 5—OUTSTANDING NOTIONAL

[USD billions] [93]

OIS	Outstanding notional (as of April 24, 2026)	Outstanding notional (as of July 14, 2026)
CAD CORRA	$24,824	$25,547
MXN F–TIIE	7,603	7,314

The Commission requested comment and any relevant market analysis regarding the sufficiency of outstanding notional exposures and trading liquidity in CAD CORRA and MXN F–TIIE OIS, including for the proposed stated termination date ranges. The individual commenter made several observations about the sufficiency of the data and the Commission's conclusions based on it. The commenter suggested that the Commission take a more tailored approach to assessing the tenor distributions in establishing the scope of its clearing requirement. The commenter also noted that the Commission provided only three months of data in its NPRM.

The Commission offered the three-month data period to demonstrate the transition of open interest and trade count in both the CAD- and MXN-interest rate swap market from IBOR interest rate swaps to the new RFR interest rate swaps. Both the part 45 and the part 39 data discussed in this final rule reflect this market move and support the Commission's proposed rule change. Were the Commission to expand the existing interest rate swap clearing requirement or issue a new swap clearing requirement in another asset class, the commenter's points about insufficient data across tenors and a limited observation period might raise more substantive concerns. However, this rulemaking essentially reflects an update to existing regulatory requirements resulting from independent market moves in the CAD and MXN interest rate swap markets, updates that aim to better reflect current market realities. The data presented above reflects the CAD- and MXN-denominated swap markets following the transition to RFRs. That transition included the conversion of existing cleared IBOR swaps at DCOs to corresponding RFR OIS, the end of clearing support for CAD CDOR and MXN TIIE swaps, the conclusion of Banco de México's waiver period for continued MXN F–TIIE activity, and the movement of liquidity from IBOR swaps to RFR OIS.

b. Pricing Data

The Commission regularly reviews pricing data for CAD CORRA and MXN F–TIIE OIS subject to this determination and finds that these OIS are capable of being priced from deep and liquid markets. Commission staff regularly receives and reviews margin model information from DCOs that includes the procedures they follow to ensure market liquidity exists to close out a position in a stressed market, including the time required to determine prices for all or parts of the given position.[94] Because of the stability of access to pricing data from these markets, the pricing data for CAD CORRA and MXN F–TIIE OIS is generally viewed as being reliable. Based on this information, the Commission determines that there is adequate pricing data to support required clearing of MXN F–TIIE OIS and additional CAD CORRA OIS.

In addition, based on DCO regulation § 39.5(b) submissions, the Commission finds that there exists adequate pricing data to justify a clearing requirement determination, including information regarding transaction volumes and how the DCOs consider pricing information in determining eligibility of a swap for clearing.[95] No commenter presented any comment or market analysis regarding whether there is adequate pricing data for DCO risk and default management of the products subject to this rulemaking, including regarding the stated termination date ranges and during periods of stressed market conditions.

Based on the data presented and analyzed above, the Commission determines there are sufficient outstanding notional exposures, trading liquidity, and pricing information for CAD CORRA and MXN F–TIIE OIS to support a clearing requirement determination.

2. Factor (II)—Availability Of Rule Framework, Capacity, Operational Expertise and Resources, and Credit Support Infrastructure

Section 2(h)(2)(D)(ii)(II) of the CEA requires the Commission to consider the availability of rule framework, capacity, operational expertise and resources, and credit support infrastructure to clear the proposed classes of swaps on terms that are consistent with the conventions on which they are now traded. Based on their regulation § 39.5(b) submissions, as well as ongoing oversight, the Commission determines that CME and LCH have developed rule frameworks, capacity, operational expertise and resources, and credit support infrastructure to clear the interest rate swaps they currently clear, including CAD CORRA and MXN F–TIIE OIS, on terms that are consistent with the material terms and trading conventions on which those swaps are being traded. The Commission subjects CME and LCH to ongoing review, risk surveillance, and examination to ensure compliance with the CEA's core principles and Commission regulations, including with respect to the submitted swaps.[96]

CME and LCH have procedures pursuant to which they regularly review their RFR OIS clearing in order to confirm or adjust margin and other risk management tools. When reviewing CME's and LCH's risk management tools, the Commission considers the ability of a DCO to manage risk during stressed market conditions to be one of the most significant considerations, considering the role central clearing

[94] As discussed further below, Commission staff receives and reviews margin model information from the registered DCOs that clear these swaps, including information regarding how those DCOs would ensure that liquidity exists to exit a position in a stressed market. For purposes of the first statutory factor, the Commission considers possible periods of market stress, particularly when assessing whether there is sufficient liquidity and pricing data. Second Determination, 81 FR at 71210 (noting that the Commission considered ''the effect a new clearing mandate will have on a DCO's ability to withstand stressed market conditions'' as part of its analysis in connection with the Second Determination).

[95] For instance, CME's § 39.5(b) submission addressed both cleared volumes and valuation curve methodologies for CAD CORRA OIS and MXN F–TIIE OIS. LCH's § 39.5(b) submissions related to CAD CORRA OIS how LCH considers pricing information in determining swap eligibility for clearing, and LCH's submission for MXN F–TIIE OIS noted that LCH has several brokers to serve as pricing sources for MXN F–TIIE OIS.

[96] In order to be registered with the Commission, a DCO must comply with the DCO core principles under section 5b of the CEA and applicable Commission regulations. Once a DCO is registered with the Commission, Commission staff periodically examine each DCO to determine whether the DCO is maintaining compliance with the CEA and Commission regulations. In addition, Commission staff monitors the risks posed to and by DCOs, clearing members, and market participants, and conducts independent stress testing.

plays in reducing counterparty credit risk and in lowering the likelihood of defaults that could spread from one counterparty to others.[97] CME and LCH have developed detailed risk management practices, including a description of risk factors considered when establishing margin levels and other resource pools, like the default fund.[98] The Commission reviews and oversees CME's and LCH's risk management practices and development of margin models. Margin models are further refined by stress testing and daily back testing. The Commission also considers stress testing and back testing when assessing whether CME and LCH can clear swaps safely during stressed market conditions.

CME and LCH design and conduct stress tests, and Commission staff monitors development of these stress tests. These stress tests, in part, are used to ensure that their default funds are sized appropriately and to ascertain whether any changes to their financial resources or margin models are necessary for continued robust risk management.[99] In addition, Commission staff monitors markets on both an end-of-day and real-time basis and performs stress tests against the DCOs' margin models. Depending on the result of this analysis, the Commission may recommend changes to a margin model. Finally, CME and LCH conduct daily back testing to ensure that the margin models capture market movements for member portfolios.[100]

Before offering a new product for clearing, each of the DCOs considers stress tests and back testing results in determining whether it has sufficient financial resources to offer new clearing services. The Commission also reviews initial margin models and default resources to ensure that the DCOs can risk-manage their portfolio of products offered for clearing. This combination of stress testing and back testing in anticipation of offering swaps for clearing provides CME and LCH with greater certainty that their offerings will be risk-managed appropriately. The process of stress testing and back testing also gives DCOs practice incorporating new swaps into their models. In addition to the Commission's surveillance and oversight, CME and LCH continue to monitor and test their margin models over time so that they can operate effectively in stressed and non-stressed market environments. Registered DCOs review and validate their margin models regularly.[101]

Each DCO monitors and manages credit risk exposure by asset class, clearing member, account, or individual customer. They manage credit risk by establishing position and concentration limits based on product type or counterparty. These limits reduce potential market risks so that DCOs are better able to withstand stressed market conditions. Each of the DCOs monitors exposure concentrations and may require additional margin deposits for clearing members with weak credit scores, with large or concentrated positions, with positions that are illiquid or exhibit correlation with the member itself, and/or where the member has particularly large exposures under stress scenarios. DCOs also may call for additional margin, on top of collecting initial and variation margin, to meet unique risk exposures and protect against stressed market conditions.[102]

In support of its ability to clear CAD CORRA and MXN F–TIIE OIS, CME's regulation § 39.5(b) submissions cite to its rulebook to demonstrate the availability of rule framework, capacity, operational expertise and resources, and credit support infrastructure to clear interest rate swap contracts on terms that are consistent with the material terms and trading conventions on which the contracts are traded. LCH's submissions state that LCH's clearing model allows bilaterally traded interest rate swaps to be cleared on identical terms and that LCH has developed sophisticated operational models, controls, and risk algorithms to ensure that LCH can process trades rapidly, safely, and with an understanding of the risk to clearing members and customers. LCH's submissions provide, among other information, data regarding the portion of the interest rate swap market cleared by LCH, LCH's portfolio compression capacity, and daily clearing volumes.

The individual commenter stated that the NPRM failed to address ''the fact that the number of active [futures commission merchants (FCMs)] has declined significantly over the past decade'' and the issue of ''whether smaller or occasional users may face onboarding delays or minimum fee hurdles.'' In the commenter's view, this omission constitutes a direct gap in the analysis required under section 2(h)(2)(D)(ii)(II) (Factor II) of the CEA, which mandates that the Commission fully account for the availability of operational expertise, clearing capacity, resources, and downstream credit support infrastructure across all market participants. No other commenter raised this concern.

The question in the individual commenter's discussion relates to market participants and their clearing members. However, Factor II focuses on the clearinghouse and its swap offering, namely on the availability of frameworks, expertise, and resources to clear swaps on terms that are consistent with how the contract is traded. Thus, the individual commenter's statements about access to clearing by smaller market participants is distinguishable from this factor.

The Commission determines there are available rule frameworks, capacity, operational expertise and resources, and credit support infrastructures, consistent with material terms and trading conventions, to support the required clearing of MXN F–TIIE OIS and additional CAD CORRA OIS. The application of DCO risk management practices to CAD CORRA and MXN F–TIIE OIS should ensure the swaps subject to this rulemaking can be

[97] *See, e.g.,* ISDA, Evolution of OTC Derivatives Markets Since the Financial Crisis, at 13 (Jan. 2021), available at *https://www.isda.org/a/8jjTE/Evolution-of-OTC-Derivatives-Markets-Since-the-Financial-Crisis.pdf.*

[98] *E.g.,* historical volatility, intraday volatility, seasonal volatility, liquidity, open interest, market concentration, and potential moves to default. For additional information, CME and LCH published documents outlining their respective compliance with the Principles for Financial Market Infrastructures (PFMI) published by the Committee on Payments and Market Infrastructures (CPMI; formerly, CPSS) and IOSCO. CPSS–IOSCO Principles for Financial Market Infrastructure (PFMI), Apr. 16, 2012, available at *https://www.bis.org/cpmi/publ/d101.htm. See* CME, CME Clearing: Principles for Financial Market Infrastructures Disclosure, Dec. 12, 2025, available at *https://www.cmegroup.com/clearing/risk-management/files/cme-clearing-principles-for-financial-market-infrastructures-disclosure.pdf;* LCH Ltd., CPMI—IOSCO Self-Assessment 2024, Mar. 31, 2024, available at *https://www.lch.com/system/files/media_root/CPMI%20IOSCO%20Self%20Qualitative%20Assessment%20of%20LCH%20LTD_1.pdf.*

[99] Reverse stress testing uses plausible market movements that could deplete guaranty funds and cause large losses for top clearing members. For example, CME and LCH may use scenarios for stress testing and reverse stress testing that capture, among other things, historical price volatilities, shifts in price determinants and yield curves, multiple defaults over various time horizons, and simultaneous pressures in funding and asset markets.

[100] Back testing tests margin models to determine whether they are performing as intended, and checks whether margin models produce margin coverage levels that meet the DCO's established standards. Back testing helps CME and LCH determine whether their clearing members satisfy the required margin coverage levels and liquidation timeframe.

[101] For the avoidance of doubt, exempt DCOs are subject to oversight by their home country regulators, along with regulations regarding risk management.

[102] As a general matter, any DCO offering RFR OIS for clearing, including exempt DCOs, would follow this risk management approach when offering these swaps for clearing.

cleared safely, even during times of market stress.[103]

3. Factor (III)—Effect on the Mitigation of Systemic Risk

Section 2(h)(2)(D)(ii)(III) of the CEA requires the Commission to consider the effect of the clearing requirement on the mitigation of systemic risk, considering the size of the market for such contract and the resources of the DCO available to clear the contract. As presented in the data and discussion above, the Commission has concluded that the mitigation of systemic risk through continued clearing in the market for CAD CORRA and MXN F–TIIE OIS is meaningful. Mitigating counterparty credit risk through clearing will likely reduce systemic risk in the interest rate swap market generally and, while not every individual RFR OIS market has large outstanding notional exposures, each such market is important, and continuity of clearing for RFR OIS serves to reduce systemic risk.

In its regulation § 39.5(b) submissions, CME explains the benefits of centralized clearing, including freer counterparty credit lines, enhanced risk management, operational efficiencies, and ease of offsetting risk exposures. LCH's submissions note that clearing avoids complex bilateral relationships that lead to systemic risk, and that requiring swaps to be cleared leads to a less disparate marketplace from a systemic risk perspective with respect to that swap.

Centrally clearing CAD CORRA and MXN F–TIIE OIS through a DCO should reduce systemic risk by providing counterparties with daily mark-to-market valuations upon which to exchange variation margin pursuant to the DCO's risk management framework and requiring posting of initial margin to cover potential future exposures in the event of a default. In addition, swaps transacted through a DCO are secured by the DCO's guaranty fund and other available financial resources, which are intended to cover extraordinary losses that would not be covered by initial margin.

Central clearing was developed and designed to handle significant concentration of risk. CME and LCH have procedures for closing out and/or transferring a defaulting clearing member's positions and collateral.[104] Transferring customer positions to solvent clearing members in the event of a default is critical to reducing systemic risk. DCOs are designed to withstand defaulting positions and to prevent a defaulting clearing member's loss from spreading further and triggering additional defaults. To the extent updating a clearing requirement with respect to MXN F–TIIE OIS and additional CAD CORRA OIS increases the number of clearing members and market participants in the interest rate swap market, then DCOs may find it easier to transfer positions from defaulting clearing members if there is a larger pool of potential clearing members to receive the positions. However, the Commission recognizes that with the existing high rates of voluntary clearing of CAD CORRA and MXN F–TIIE OIS, the likelihood of adding additional clearing members and market participants in these markets is limited.

CME and LCH have experience risk managing interest rate swaps and, based on CME's and LCH's submissions and the Commission's ongoing supervision, CME and LCH should have the necessary financial resources available to clear MXN F–TIIE OIS and additional CAD CORRA OIS. Accordingly, the Commission finds that CME and LCH will be able to manage the risk posed by clearing MXN F–TIIE OIS and additional CAD CORRA OIS. In addition, the application of DCO risk management practices to CAD CORRA and MXN F–TIIE OIS should ensure these swaps can continue to be cleared safely.

The CAD CORRA and MXN F–TIIE OIS data presented in this rulemaking indicates varying levels of activity, measured by outstanding notional amounts and trade counts. The Commission acknowledges that the data comes from limited periods of time that do not explicitly include periods of market stress. However, the Commission concludes the data demonstrates sufficient regular trading activity and outstanding notional exposures in CAD CORRA and MXN F–TIIE OIS to provide the liquidity necessary for DCOs to successfully risk-manage these products and to support the adoption of a clearing requirement.

Accordingly, the Commission determines CME and LCH will be able to manage the risk posed by clearing MXN F–TIIE OIS and additional CAD CORRA OIS required to be cleared pursuant to this determination. In addition, the central clearing of the MXN F–TIIE and additional CAD CORRA OIS added under this rulemaking serves to mitigate counterparty credit risk, thereby potentially reducing systemic risk. No comments were submitted on this factor. Having considered the likely effect on the mitigation of systemic risk, the Commission is issuing this determination to add MXN F–TIIE OIS and additional CAD CORRA OIS to the clearing requirement.

4. Factor (IV)—Effect on Competition

Section 2(h)(2)(D)(ii)(IV) of the CEA requires the Commission to consider the effect on competition, including appropriate fees and charges applied to clearing. Of particular concern to the Commission is whether this determination would harm competition by creating, enhancing, or entrenching market power in an affected product or service market, or facilitating the exercise of market power.[105] Market power is viewed as the ability to raise prices, including clearing fees and charges, reduce output, diminish innovation, or otherwise harm customers as a result of diminished competitive constraints or incentives.[106]

The Commission has identified one putative service market as potentially affected by this clearing determination: a DCO service market encompassing those clearinghouses that currently clear CAD CORRA and MXN F–TIIE OIS.[107] This clearing requirement potentially could impact competition within the affected market. Of particular importance to whether any such impact is positive or negative, is: (1) whether the demand for these clearing services and swaps is sufficiently elastic that a small but significant price increase above competitive levels would prove unprofitable because users of the interest rate swap products and DCO

[103] For additional information related to this factor, please see the public disclosures made by CME and LCH. CME, CME Clearing: Principles for Financial Market Infrastructures Disclosure, Dec. 12, 2025, available at *https://www.cmegroup.com/clearing/risk-management/files/cme-clearing-principles-for-financial-market-infrastructures-disclosure.pdf;* LCH Ltd., CPMI—IOSCO Self-Assessment 2024, Mar. 31, 2024, available at *https://www.lch.com/system/files/media_root/CPMI%20IOSCO%20Self%20Qualitative%20Assessment%20of%20LCH%20LTD_1.pdf.*

[104] For further discussion of treatment of customer and swap counterparty positions, funds, and property in the event of the insolvency of a DCO or one or more of its clearing members, please see Factor (V)—Legal certainty in the event of insolvency below.

[105] First Determination, 77 FR at 74313; Second Determination, 81 FR at 71220; Third Determination, 87 FR at 52201–52202.

[106] First Determination, 77 FR at 74313 (discussing market power as described under U.S. Department of Justice guidelines). *See generally* U.S. Department of Justice and the Federal Trade Commission, Horizontal Merger Guidelines (Horizontal Merger Guidelines) at section 4.1 (Dec. 18, 2023), available at *https://www.justice.gov/d9/2023-12/2023%20Merger%20Guidelines.pdf.*

[107] First Determination, 77 FR at 74298; Second Determination, 81 FR at 71220. The DCO service market includes the registered and exempt DCOs that currently offer RFR OIS for clearing.

clearing services would substitute other clearing services coexisting in the same market(s); and (2) the potential for new entry into this market.[108] The availability of substitute clearing services to compete with those encompassed by this determination, and the likelihood of timely, sufficient new entry in the event prices do increase above competitive levels, each operate independently to constrain anti-competitive behavior.

Any competitive effect likely would stem from the fact that the determination and associated regulations would remove the alternative of not clearing for the CAD CORRA and MXN F–TIIE OIS subject to this rulemaking. The determination does not specify who may or may not compete to provide clearing services for CAD CORRA and MXN F–TIIE OIS, as well as those not required to be cleared.

Removing the choice to enter into a swap without submitting it for clearing under this rulemaking is not determinative of negative competitive impact. Other factors, including the availability of other substitutes within the market or potential for new entry into the market, may constrain market power. The Commission does not foresee that the determination constructs barriers that would deter or impede new entry into a clearing services market,[109] and the Commission anticipates this determination might foster an environment conducive to new entry. For example, the clearing determination may reinforce, if not encourage, growth in demand for clearing services. Demand growth, in turn, can enhance the sales opportunity, a condition hospitable to new entry.[110] Moreover, to the extent that there are high rates of voluntary clearing in CAD CORRA and MXN F–TIIE OIS already, a regulatory requirement to clear such swaps provides additional certainty that those high rates of clearing remain constant.

The individual commenter questions whether the Commission provided sufficient data to support its conclusions under Factor IV. In the commenter's view, empirical metrics are needed to support the finding that a mandate will have no adverse competitive impacts on venue-level clearing fees. In the commenter's view, the analytical standard intended by CEA section 2(h)(2)(D)(ii)(IV) (Factor IV) requires an explicit assessment of the effect on competition, including appropriate fees and charges. Both CME and LCH offer clearing services based on fees and charges that are well known to market participants.[111] Both clearinghouses maintain relationships with multiple FCM and non-FCM clearing members that offer their services to market participants in the United States and elsewhere in the global swaps markets. As noted above, one non-DCO clearinghouse, Asigna, offers clearing services for MXN F–TIIE OIS in Mexico. Other clearinghouses in both Canada and Mexico also may choose to enter the market for providing clearing services for the OIS subject to this rulemaking.

No commenter provided any comment, or quantifiable data, on cost increases associated with clearing, particularly those fees and charges imposed by DCOs, and the effects of such increases on counterparties currently participating in the market. Similarly, no commenter submitted a comment regarding how the Commission's action would or could generate conditions that create, increase, or facilitate an exercise of: (1) clearing services market power in CME, LCH, and/or any other clearing service market participant, including conditions that would dampen competition for clearing services and/or increase the cost of clearing services, and/or (2) market power in any product markets for interest rate swaps, including conditions that would dampen competition for these product markets and/or increase the cost of CAD CORRA and MXN F–TIIE OIS.

For these reasons, entry barriers currently do not exist with respect to a clearing services market for CAD CORRA and MXN F–TIIE OIS, and it is possible that this determination may encourage or facilitate new entry into the market. The Commission concludes that it has considered the effect of the updated clearing requirement on competition and found that, even in an unlikely case where competition is affected in these markets, anticompetitive behavior is likely to be constrained in size and breadth of effect. Demand for clearing services in this market is likely to remain unchanged. Accordingly, the Commission reaffirms its conclusion that competitiveness is sufficient to modify the existing interest rate swap clearing requirement to include MXN F–TIIE and additional CAD CORRA OIS.

5. Factor (V)—Legal Certainty in the Event of Insolvency

Section 2(h)(2)(D)(ii)(V) of the CEA requires the Commission to consider the existence of reasonable legal certainty in the event of the insolvency of the relevant DCO or one or more of its clearing members regarding the treatment of customer and swap counterparty positions, funds, and property. The Commission is issuing this clearing requirement determination based on its view that there is reasonable legal certainty regarding the treatment of customer and counterparty positions, funds, and property in connection with cleared swaps, including CAD CORRA and MXN F–TIIE OIS, in the event of the insolvency of the relevant DCO or one or more of the DCO's clearing members.

In the case of a clearing member insolvency at CME, where the clearing member is the subject of a proceeding under the U.S. Bankruptcy Code, subchapter IV of Chapter 7 of the U.S. Bankruptcy Code (11 U.S.C. 761–767) along with parts 22 and 190 of the Commission's regulations would govern the treatment of customer positions.[112] Pursuant to section 4d(f) of the CEA, 7 U.S.C. 4d(f), a clearing member accepting funds from a customer to margin a cleared swap must be a registered futures commission merchant (FCM). Pursuant to 11 U.S.C. 761–767 and part 190 of the Commission's regulations, the customer's interest rate swap positions, carried by an insolvent

[108] *See* Horizontal Merger Guidelines, section 4.3.A.

[109] However, the Commission recognizes that (1) to the extent the clearing services market for the interest rate swaps identified in this rulemaking, after foreclosing uncleared swaps, would be limited to a concentrated few participants with highly aligned incentives, and (2) the clearing services market is insulated from new competitive entry through barriers (*e.g.,* high sunk capital cost requirements, high switching costs to transition from embedded incumbents, and access restrictions), the determination could have a negative competitive impact by increasing market concentration.

[110] *See, e.g.,* Horizontal Merger Guidelines, section 2.4.A Evidence for reasonable probability of entry can include, for example, evidence that the firm has an incentive to enter or evidence that industry participants recognize the company as a potential entrant, in addition to evidence that the firm has sufficient size and resources to enter; evidence of any advantages that would make the firm well-situated to enter; or evidence that the firm has successfully expanded into similarly situated markets in the past or already participates in adjacent or related markets. *See id.*

[111] *See* CME, Cleared OTC IRS Client Fee Schedules, available at *https://www.cmegroup.com/markets/cleared-swaps/cleared-otc-irs-client-fee-schedules.html;* LCH, SwapClear Client Clearing Fees, available at *https://www.lseg.com/en/post-trade/clearing/lch-services/swapclear/fees/client-clearing-fees.*

[112] An FCM or DCO also may be subject to resolution under Title II of the Dodd-Frank Act to the extent it would qualify as a covered financial company (as defined in section 201(a)(8) of the Dodd-Frank Act). Under Title II, different rules would apply to the resolution of an FCM or DCO. Discussion in this section relating to what might occur in the event an FCM or DCO defaults or becomes insolvent describes procedures and powers that exist in the absence of a Title II receivership.

FCM, would be deemed ''commodity contracts.'' [113] As a result, neither a clearing member's bankruptcy nor any order of a bankruptcy court could prevent CME from closing out/liquidating such positions. However, customers of clearing members would have priority over all other claimants with respect to customer funds that had been held by the defaulting clearing member to margin swaps, such as the CAD CORRA and MXN F–TIIE OIS subject to this determination.[114] Thus, customer claims would have priority over proprietary claims and general creditor claims. Customer funds would be distributed to swap customers, including interest rate swap customers, in accordance with Commission regulations and section 766(h) of the Bankruptcy Code. Moreover, the Bankruptcy Code and the Commission's rules thereunder (in particular 11 U.S.C. 764(b) and 17 CFR 190.07) permit the transfer of customer positions and collateral to solvent clearing members.

Similarly, 11 U.S.C. 761–767 and part 190 would govern the bankruptcy of a DCO where the DCO is the subject of a proceeding under the U.S. Bankruptcy Code, in conjunction with DCO rules providing for the termination of outstanding contracts and/or return of remaining clearing member and customer property to clearing members.

With regard to LCH, the Commission understands that in general the default of an LCH clearing member would be governed by LCH's rules, and LCH would be permitted to close out and/or transfer positions of a defaulting clearing member. Further, under applicable law, LCH's rules governing a clearing member default would supersede insolvency laws in the clearing member's jurisdiction. For an FCM based in the United States and clearing at LCH, the applicable law, as a general matter, would be the U.S. Bankruptcy Code and part 190 of the Commission's regulations. According to LCH's regulation § 39.5(b) submissions, the insolvency of LCH itself would be governed by English insolvency law, which protects the enforceability of the default-related provisions of LCH's rulebook, including in respect of compliance with applicable provisions of the U.S. Bankruptcy Code and part 190 of the Commission's regulations. LCH has obtained, and made available to the Commission, legal opinions that support the existence of such legal certainty in relation to the protection of customer and swap counterparty positions, funds, and property in the event of the insolvency of one or more of its clearing members.[115]

The individual commenter questioned whether there was sufficient explanation of U.K. insolvency proceedings' treatment of U.S. persons clearing swaps at LCH. This comment does not account for the discussion in the proposal or the fact that LCH has expanded its FCM clearing model in recent years.[116] Much of the commenter's request for additional information is available on the relevant clearinghouses' websites.

For the reasons described above, and despite the comment received, the Commission reaffirms its conclusion stated in the NPRM that reasonable legal certainty exists in the event of the insolvency of each of the relevant DCOs or one or more of their clearing members with regard to the treatment of customer and swap counterparty positions, funds, and property to modify the interest rate swap clearing requirement to include the CAD CORRA and MXN F–TIIE OIS subject to this rulemaking.

VI. Implementation Schedule

With respect to its proposal to add a clearing requirement for MXN F–TIIE OIS and additional CAD CORRA OIS, the Commission proposed adopting one compliance date for all market participants and amending regulation § 50.26 to reflect that the compliance date would be 30 days after publication of the final rule in the **Federal Register**. The Commission is finalizing this implementation date as proposed for the reasons discussed below.

As a technical amendment, because the Commission is removing CAD CDOR and MXN TIIE swaps from regulation § 50.4, it is also removing those same swaps from regulation § 50.26. The Commission is making this change to eliminate any confusion that might arise if different swaps are included in 50.4 and 50.26. The Commission also will remove these swaps from regulation § 50.26, 30 days after publication of the final rule in the **Federal Register**.

CME and LCH have completed their conversion plans for all cleared CAD CDOR and MXN TIIE swaps into, respectively, CAD CORRA and MXN F–TIIE OIS. Moreover, CME and LCH no longer offer CAD CDOR or MXN TIIE interest rate swaps for clearing. CAD CDOR and MXN TIIE have ceased publication or become otherwise generally unavailable for use by market participants. As the data above supports, swap liquidity associated with these benchmarks has shifted into, respectively, CAD CDOR and MXN F–TIIE OIS. Canada and Mexico have updated their clearing requirements to reflect the transitions in benchmark interest rates for interest rate swaps denominated in their respective currencies. There has been an overwhelming amount of voluntary clearing of CAD CDOR and MXN F–TIIE OIS, reflected in the volume of the outstanding notional for these OIS.

In its comment letter, ISDA disagrees with the NPRM's proposed effective date of 30 days after publication of the Final Rule in the **Federal Register**. In ISDA's view, the proposed effective date would not support efficient implementation.[117] ISDA states that establishing a framework that enables firms to comply with the amended scope of the clearing requirement requires additional market preparations, such as adapting systems, creating and running internal trainings, issuing client communications, developing and implementing control frameworks, addressing internal governance matters, and addressing unique jurisdictional requirements.[118] ISDA also notes that, to meet a shorter deadline, ISDA members may have to adopt tactical solutions and place an unnecessary strain on resources.[119]

Additionally, the individual commenter recommended the Commission adopt a longer implementation timeline for its MXN F–TIIE OIS and modified CAD CORRA OIS clearing requirement. The commenter explains that the Commission should not treat the CAD and MXN transitions as if they are at the same stage of market maturity. In his view, the CAD CORRA IRS market is ''fully established with deep liquidity, while MXN F–TIIE is still in an active transition period, with a waiver in place through the end of 2025 and uneven liquidity across tenors.'' [120] The commenter's recommendation is the Commission should establish ''a separate, phased implementation schedule that grants market participants a longer compliance runway for MXN F–TIIE products, rather than imposing a uniform effective date that ignores the stark

[113] If an FCM is registered as a broker-dealer, certain issues related to its insolvency proceeding would be governed by the Securities Investor Protection Act, as well.

[114] Claims seeking payment for the administration of customer property would share this priority.

[115] Letters of counsel on file with the Commission.

[116] *See* LCH, SwapClear, Resources, available at *https://www.lseg.com/en/post-trade/clearing/lch-services/swapclear/resources.*

[117] ISDA Comment Letter.

[118] *Id.*

[119] *Id.*

[120] Individual Commenter Letter.

developmental delta between these two markets.'' [121]

The Commission is rejecting the positions advocated by both ISDA and the individual commenter. In commenting on the NPRM preceding the Third Determination, which proposed implementation of an RFR OIS clearing requirement 30 days after the date of publication of the final rule in the **Federal Register**, ISDA similarly requested a compliance date be set a minimum of 90 days after the publication of the final rule.[122] Making virtually the same points, ISDA noted that compliance with new clearing requirements requires ISDA members to adapt systems, create and run internal training, issue client communications, and develop and implement control frameworks, address internal governance matters, and address jurisdictional requirements.[123] ISDA similarly contended that, to meet a shorter deadline, ISDA members may have to adopt tactical solutions and place an unnecessary strain on their resources.[124]

Although the Commission modified the 30-day implementation period for the USD SOFR OIS clearing requirement to align with the UK's timing to implement its USD SOFR OIS clearing requirement, the Commission noted most commenters favored the Commission's proposed approach of implementing its RFR OIS clearing requirement 30 days after publication of the final rule in the **Federal Register**, and adopted that implementation date for the clearing requirement for nearly all the other RFR OIS subject to the Third Determination.[125] The Commission is not aware that there were any problems with the 30-day implementation period with respect to those products.

As discussed above and in the NPRM, the unavailability of CAD CDOR and MXN TIIE and recommended use of CAD CORRA and MXN F–TIIE as alternative benchmarks were announced well in advance of CAD CORRA and MXN TIIE becoming unavailable. The transitions occurred with support and input from regulators, clearinghouses, market participants, and others. Both CAD and MXN OIS transitions are now effectively complete, with Canada and Mexico having updated their respective clearing requirements to reflect the transition.

The data presented in the NPRM, and supplemented here with additional months of data, indicates liquidity has already moved from CAD CDOR to CAD CORRA and from MXN TIIE to MXN F–TIIE, with high rates of clearing in both OIS. The additional three months of data provided above demonstrates activity in CAD CORRA and MXN F–TIIE OIS was largely consistent with the data in the NPRM. There is no change that would be material to the Commission's conclusion. Accordingly, the points made by the two commenters are not persuasive. In response to the individual commenter, while the CAD and MXN interest rate swap markets may once have been at different stages of their respective transitions to RFRs, this is no longer the case. Likewise, in making its case, ISDA has not provided specific fact-based details or examples of the challenges market participants would face with respect to implementing this determination with the time proposed, that would be distinguishable from challenges faced during the transition away from LIBOR. This is even more so the case given that the transition for both markets is largely complete.

The Commission believes clearinghouses and swap markets, which have had experience clearing MXN TIIE swaps subject to the Commission's existing clearing requirement, and have transitioned to use of MXN F–TIIE OIS, which are cleared at high rates, are prepared to implement the clearing requirement applicable to MXN F–TIIE OIS, and the modified clearing requirement applicable to CAD CORRA OIS, within 30 days after the date of publication of this final rule in the **Federal Register**. If the clearing requirement compliance date falls on a Saturday, Sunday, or U.S. federal public holiday, then the compliance date will be the next available business day. No compliance date will be set on a day when markets are not open in the United States.

In addition to adding MXN F–TIIE and additional CAD CORRA OIS to the clearing requirement, these amendments modify the existing clearing requirement to reflect the cessation or loss of representativeness of CAD CDOR and MXN TIIE. For purposes of this rulemaking, CAD CDOR and MXN TIIE, have ceased publication or become nonrepresentative.

As discussed above, DCOs no longer offer to clear swaps that reference these benchmarks. Throughout the transitions from IBORs to RFRs, regulators in the United States and other jurisdictions have called on market participants to transfer their swap positions from IBORs to RFRs, with corresponding liquidity shifting, and continuing to shift to the new RFR swaps. No commenter raised concerns regarding removing the requirement to clear swaps referencing CAD CDOR or MXN TIIE.

For these reasons, the Commission will implement the rules removing all interest rate swaps referencing CAD CDOR and MXN TIIE as proposed. Accordingly, the implementation date for the removal of these swaps from regulation § 50.4 shall be 30 days after publication of the final rule in the **Federal Register**. If this date falls on a Saturday, Sunday, or U.S. Federal public holiday, the date will be the next available business day when markets are open in the United States.

VII. Cost Benefit Considerations

A. Statutory and Regulatory Background

Amended regulation § 50.4(a) identifies certain swaps that are required to be cleared under section 2(h)(1)(A) of the CEA in addition to those required to be cleared by existing regulations §§ 50.2 and 50.4(a) and removes certain other swaps from the clearing requirement. The current clearing requirement amendments are designed to update the Commission's regulations considering the interest rate swap market's move away from use of CAD CDOR and MXN TIIE and toward use of, respectively, CAD CORRA and MXN F–TIIE, as benchmark interest rates. In mid-2026, most CAD CORRA and MXN F–TIIE OIS are being cleared voluntarily or subject to Canadian or Mexican law, so the amended regulation largely serves to ensure that the swap market under the Commission's jurisdiction continues to clear the CAD CORRA and MXN F–TIIE OIS subject to

[121] *Id.*

[122] ISDA Comment Letter, June 30, 2022, available at *https://comments.cftc.gov/PublicComments/ReleasesWithComments.aspx.*

[123] *Id.*

[124] *Id.*

[125] Third Determination, 87 FR at 52190. Commenters supported this approach, variously, because: (1) the market has already gravitated toward central clearing of RFR OIS (including USD SOFR OIS) to a significant degree, 30 days would provide market participants with sufficient time to comply with the new determination, and the new determination would not lead to a material change in operations for a majority of market participants (CCP12); (2) the proposed 30-day compliance date is appropriate because almost all USD SOFR OIS transactions were being cleared voluntarily (Citadel and the Managed Funds Association); *see also* comment letters from the Alternative Investment Management Association (suggesting the Commission should expedite its consideration of a final rule, consistent with the proposed rule, and update the clearing requirement as quickly as possible), and CME and JSCC (agreeing with the Commission's proposal to adopt a single compliance date that would be 30 days after the publication of the final rule in the **Federal Register**). *Id.* The one exception was SGD SORA, which relied on USD LIBOR as a calculation input, and the implementation date for which was tied to USD LIBOR.

this clearing requirement determination. The continued central clearing of these RFR OIS may limit the counterparty risk associated with such swaps, thereby mitigating the possibility of such risks having a systemic impact, which might cause or exacerbate instability in the financial system. In addition, required clearing of MXN F–TIIE and additional CAD CORRA OIS would reflect the global effort to rely on benchmark rates that are less susceptible to manipulation.

The following discussion is a consideration of the costs and benefits of the Commission's action in this rulemaking, pursuant to the regulatory requirements discussed above.

B. Overview of Swap Clearing

1. How Clearing Reduces Risk

When a bilateral swap is cleared, the DCO becomes the counterparty to each original swap counterparty. This arrangement mitigates counterparty risk to the extent that the DCO may be a more creditworthy counterparty than the original swap counterparties and/or may be able to rely on a more extensive risk management procedure relative to individual institutions. Central clearing also can simplify the interconnectedness of market participants' swap positions because the DCO, an independent third party that takes no market risk, becomes the single, centralized entity holding the collateral for swap counterparties' exposures. The DCO also oversees any associated default and risk management processes. DCOs have demonstrated significant resilience in the face of past market stresses.[126]

The Commission anticipates that DCOs will continue to be some of the most creditworthy swap counterparties because, among other things, they are able to monitor and manage counterparty risk effectively through: (1) the collection of initial and variation margin associated with outstanding swap positions; (2) marking positions to market regularly, usually multiple times per day, and issuing margin calls when the margin in a customer's account has dropped below predetermined levels that the DCO sets; (3) adjusting the amount of margin that is required to be held against swap positions in light of changing market circumstances, such as increased volatility in the underlying product; and (4) closing out swap positions if margin calls are not met within a specified period of time.

2. The Clearing Requirement and Role of the Commission

Congress afforded the Commission the responsibility for determining which swaps are required to be cleared pursuant to section 2(h)(1)(A) of the CEA. Since 2012, there is ample evidence that the interest rate swap market has been moving toward increased use of central clearing in response to both market incentives and clearing requirements.[127] Now with the IBOR transition completed for most LIBOR rates and with most RFR OIS already being cleared, as discussed further below, it is possible that the effect of this rulemaking will be limited to ensuring that market participants continue to clear the RFR OIS that are subject to this clearing requirement determination.[128] The Commission has determined that the costs and benefits related to the required clearing of the RFR OIS to be added under this determination are attributable, in part to (1) Congress's stated goal of reducing systemic risk by, among other things, requiring clearing of swaps; and (2) the Commission's exercise of its discretion in selecting swaps or classes of swaps to achieve those ends.

C. Consideration of the Costs and Benefits of the Commission's Action

1. CEA Section 15(a)

Section 15(a) of the CEA requires the Commission to ''consider the costs and benefits'' of its actions before promulgating a regulation under the CEA or issuing certain orders.[129] Section 15(a) further specifies that the costs and benefits shall be evaluated in light of five broad areas of market and public concern: (1) protection of market participants and the public; (2) efficiency, competitiveness and financial integrity; (3) price discovery; (4) sound risk management practices; and (5) other public interest considerations (collectively referred to herein as the Section 15(a) Factors). Accordingly, the Commission considers the costs and benefits associated with the clearing requirement determination in light of the Section 15(a) Factors. In the sections that follow, the Commission considers: (1) The costs and benefits of required clearing for the CAD CORRA and MXN F–TIIE OIS to be added under this determination as well as the costs and benefits of removing CAD CDOR and MXN TIIE swaps from required clearing; (2) the alternatives contemplated by the Commission and their costs and benefits; and (3) the impact of required clearing for the swaps subject to this determination and listed in amended regulation § 50.4(a) in light of the Section 15(a) Factors. The Commission quantifies costs and benefits where possible; where it is unable to do so, it discusses costs and benefits in qualified terms.

The Commission is considering these costs and benefits against a baseline of the current set of interest rates swaps subject to the clearing requirement adopted under regulation § 50.4. This determination adds specified CAD CORRA and MXN F–TIIE OIS to the clearing requirement and it removes swaps referencing CAD CDOR and MXN TIIE from the clearing requirement.

In the case of each pair of CAD- and MXN-denominated interest rate swaps, this will be a simultaneous exchange: as MXN TIIE and CAD CDOR swaps are removed from the clearing requirement, MXN F–TIIE and additional CAD CORRA OIS are added.

As explained above, almost all RFR OIS that are subject to this determination are cleared voluntarily or, otherwise, are cleared under Canadian and Mexican law today, so the percentage of such swaps that would be cleared following implementation of this rulemaking is unlikely to increase materially. The Commission's analysis below compares amendments in this rulemaking to the clearing requirement in effect today. The costs and benefits discussed below are, for the most part, already accounted for in the market through the current industry practice of high levels of CAD CORRA and MXN F–TIIE OIS clearing.

The swap market functions internationally with (i) transactions that involve U.S. firms and DCOs occurring across different international jurisdictions; (ii) some entities organized outside of the United States that are, or may become, Commission registrants or registered entities; and (iii) some entities that typically operate both within and outside the United States and that follow substantially similar business practices wherever located. Where the Commission does not specifically refer to matters of location, this discussion of costs and benefits refers to the effects of the determination on all relevant swaps activity, whether based on their actual occurrence in the

[126] For example, DCOs clearing futures withstood financial turmoil during the Global Financial Crisis. More recently, DCOs have withstood financial market disruptions, such as the early Covid period.

[127] NPRM, 91 FR at 25831 & n.177.

[128] It is possible that some market participants might respond to the requirement that RFR OIS be cleared by decreasing their use of such swaps, particularly if the cost of clearing increases in the future relative to the cost of not clearing. Typically, it is more costly to collateralize uncleared swaps as those swaps are subject to a ten-day margin period of risk whereas cleared swaps are subject to a five-day margin period of risk. Thus, there is some uncertainty regarding how the determination will affect the quantity of swaps that are cleared.

[129] 7 U.S.C. 19(a).

United States or on their connection with activities in, or effect on, commerce of the United States, pursuant to section 2(i) of the CEA.[130]

2. Costs and Benefits of Required Clearing Under the Final Rule

Market participants may incur certain costs to clear the CAD CORRA and MXN F–TIIE OIS included in this determination. For example, to the extent that there are market participants entering into CAD CORRA and MXN F–TIIE OIS that are not already clearing interest rate swaps voluntarily or pursuant to the Commission's prior clearing requirement determinations, such market participants may incur certain startup and ongoing costs related to developing technology and infrastructure, updating or creating new legal agreements, service provider fees, and collateralization of the cleared positions.[131] The costs of collateralization, on the other hand, are likely to vary depending on whether an entity is subject to capital and margin requirements for uncleared swaps,[132] and the differential between the cost of capital for the assets they use as collateral and the returns realized on those assets.

As noted above, almost all the CAD CORRA and MXN F–TIIE OIS subject to this determination are already cleared, and market participants currently clearing these RFR OIS already realize the benefits of clearing (as well as any associated costs). This determination is designed to ensure that the percentage of CAD CORRA and MXN F–TIIE OIS that are cleared remains high in the future and that these benefits continue to be realized. These benefits include reduced and standardized counterparty credit risk, increased transparency, and more streamlined swap market access for market participants who are required to clear. Together, these benefits contribute significantly to the stability and efficiency of the financial system, but they are difficult to quantify with any degree of precision.

There may be a benefit to removing certain swaps from required clearing, such as fewer costs to market participants who no longer have to submit such swaps to clearinghouses. In this instance, however, the reason the Commission is removing swaps referencing CAD CDOR and MXN TIIE from the clearing requirement is because they are no longer offered for clearing. CAD CDOR is no longer available for use in swaps by market participants, and MXN TIIE is generally unavailable as well. Swaps that reference these benchmarks are no longer actively traded, and liquidity has moved to swaps benchmarked to corresponding RFRs now accepted for clearing. Therefore, removing these swaps from the clearing requirement will not impose additional costs on market participants and will result in the, admittedly somewhat minor, benefit of market and regulatory certainty. There may be no meaningful benefit to market participants from this removal because they generally cannot clear these swaps today. However, there may be benefits associated with the effort to reach broad consensus around the transition away from CAD CDOR and MXN TIIE, as has occurred with respect to LIBOR; specifically, providing certainty and at least medium-term finality with respect to the transition to more robust and transaction-based benchmark interest rates by amending the Commission's interest rate swap clearing requirement to reflect current market realities.

Any potential costs associated with this determination are limited because each new RFR OIS that is required to be cleared is already widely cleared and stands in the place of an IBOR swap that is already subject to required clearing and is being removed from required clearing under this rulemaking.

Liquidity tied to CAD CDOR and MXN TIIE has shifted into, respectively, CAD CORRA and MXN F–TIIE.[133] That shift occurred as a result of numerous market events, including DCO conversions, the unavailability of CAD CDOR and MXN TIIE, the operation of contractual fallbacks, and new use of CAD CORRA and MXN F–TIIE in parallel with declining liquidity in CAD CDOR and MXN TIIE swaps. In general, the CAD CORRA and MXN F–TIIE OIS subject to this determination are already widely cleared so that the costs associated with clearing these swaps are already being incurred.[134] In the NPRM, the Commission stated that the additional cost of compliance for market participants would be *de minimis* and invited comment on all aspects of the costs and benefits associated with this rulemaking, including the extent to which such costs are already being incurred.

No commenter provided specific information related to increased costs. The individual commenter alluded to cost increases generally but did not provide any examples for consideration.

a. Technology, Infrastructure, and Legal Costs

Market participants already clearing swaps may incur costs to make necessary changes to technology systems if they are not yet clearing CAD CORRA or MXN F–TIIE OIS (or, more generally, if they are not yet actively clearing interest rate swaps). Such market participants may incur costs if they need to implement technology to connect to FCMs that will clear their transactions.[135] Market participants who do not currently have established clearing relationships with an FCM will have to set up and maintain such a relationship to clear swaps that are required to be cleared. Market participants who transact a limited number of swaps per year likely will be required to pay monthly or annual fees that FCMs charge to maintain both the relationship and outstanding swap positions belonging to the customer. In addition, the FCM is likely to pass along fees charged by the DCO for establishing and maintaining open positions.

As a general matter, it is likely that most market participants already complied with prior clearing requirements and that the incremental burdens associated with clearing MXN F–TIIE or additional CAD CORRA OIS will be minimal, especially given that these products are intended to replace

[130] Pursuant to section 2(i) of the CEA, activities outside of the United States are not subject to the swap provisions of the CEA, including any rules prescribed or regulations promulgated thereunder, unless those activities either ''have a direct and significant connection with activities in, or effect on, commerce of the United States''; or contravene any rule or regulation established to prevent evasion of a CEA provision enacted under the Dodd-Frank Act. 7 U.S.C. 2(i).

[131] These per-entity costs would vary widely depending on the needs of such market participants. Costs likely would be lower for market participants who already clear interest rate swaps covered by the Commission's prior clearing requirement determinations. The opposite would be true for market participants that start clearing because of the determination. However, given the high rates of voluntary clearing, there are likely to be few, if any, new participants. In addition, these market participants may have otherwise incurred costs associated with margining their uncleared swaps with bilateral counterparties, as well as incurring other costs associated with bilateral uncleared swaps, such as startup or ongoing costs related to developing technology and infrastructure, and updating or creating new legal agreements related to their uncleared swap positions. Moreover, operational costs for these market participants would increase based on the number of different counterparties with whom they enter into uncleared swaps.

[132] The Commission's capital and margin requirements for uncleared swaps are codified in subpart E of part 23 of the Commission's regulations.

[133] *See* Tables 1–2 above.

[134] *See* section V.C.1 above.

[135] As stated in the NPRM, the Commission does not have the information necessary to determine either the costs associated with entities that need to establish relationships with one or more FCMs or the costs associated with entities that already have relationships with one or more FCMs but need to revise their agreements. The Commission requested commenters provide the necessary data where available. No commenter provided data in response to this request.

already widely cleared swaps, and most market participants already will have undertaken the steps necessary to move away from the use of IBOR swaps in the cleared interest rate swap market. Any new costs, including legal costs, are likely to depend on the specific business needs of each entity and therefore would vary widely among market participants.

As discussed above, the Commission is aware that costs related to establishing new relationships with FCMs, or significantly upgrading those relationships based on the inclusion of these new products in the clearing requirement may be an issue. However, the Commission has never been provided with any factual basis for supporting such a conclusion.

In the NPRM, the Commission estimated the range of costs for smaller financial institutions to review and negotiate legal agreements to establish a new business relationship with an FCM to be between $3,433 and $34,325. With respect to this determination, the Commission is providing inflation-adjusted values relative to the its 2012 estimates.[136]

In proposing and adopting the First Determination, the Commission noted that it had been estimated that it would cost smaller financial institutions between $2,500 and $25,000 to review and negotiate legal agreements to establish a new business relationship with an FCM.[137] The Commission based those estimates on comment letters from Chatham Financial and Webster Bank, submitted to the Commission in 2012 in response to the Commission's request for comment concerning the cost benefit analysis regarding a potential clearing exception for certain small financial institutions under the end-user exception.[138] The Commission also discussed these estimates in proposing and adopting the Second Determination.[139] With respect to the First Determination and the Second Determination, the Commission sought but did not receive new information from commenters regarding the costs of establishing a clearing relationship.[140]

In adopting the First Determination, the Commission noted that commenters did not provide data that would enable the Commission to determine to what degree its estimates would apply to larger entities establishing a relationship with an FCM or to determine costs associated with entities that already have established relationships with one or more FCMs but need to revise those agreements.[141] The Commission further noted that, even accepting the data provided for smaller financial institutions, the Commission lacked sufficient data to calculate a reasonable estimate of the potential costs that are likely to depend significantly on the specific business needs of each entity and therefore are expected to vary widely among market participants.[142] Additionally, with respect to the inflation-adjusted estimates above, the Commission notes that increases in the costs to establish a new business relationship with an FCM may not track inflation directly. Because the Commission does not have current information regarding the costs associated with entities that need to establish relationships with one or more FCMs and the costs associated with entities that already have relationships with one or more FCMs but need to revise their agreements, the Commission sought comment, including quantitative information, regarding such costs.

b. Ongoing Costs Related to FCMs and Other Service Providers

In addition to costs associated with technological and legal infrastructures, market participants transacting in the CAD CORRA and MXN F–TIIE OIS subject to the determination face ongoing costs associated with fees charged by FCMs. DCOs typically charge FCMs an initial transaction fee for each cleared interest rate swap its customers enter, as well as an annual maintenance fee for each open position. The Commission understands that customers that occasionally transact in swaps are typically required to pay a monthly or annual fee to each FCM.[143] Because most CAD CORRA and MXN F–TIIE OIS are already cleared these costs are largely already being incurred by market participants.

In the NPRM, the Commission estimated the range of costs for monthly or annual fees paid to each FCM by FCM customers that transact in swaps only occasionally to be between $102,975 and $171,625. In proposing and adopting the First Determination, the Commission noted that it had been estimated that FCM customers that transact in swaps only occasionally are typically required to pay a monthly or annual fee to each FCM that ranges from $75,000 to $125,000 per year.[144] These estimates are based on the comment letters, discussed above, from Chatham Financial and Webster Bank.[145] The Commission also discussed these estimates in proposing and adopting the Second Determination.[146] With respect to the First Determination and the Second Determination, the Commission sought but did not receive new information from commenters regarding these clearing fees.[147] With respect to this proposed determination, the Commission has adjusted its 2012 estimates for inflation.[148]

In adopting the First Determination, the Commission noted that while it expected that some market participants that previously did not use clearing would be subject to the requirements of the First Determination, it is difficult to predict precisely how many FCM customers would be subject to such fees based on the clearing requirement

[136] These estimates are derived by multiplying the 2012 estimates by 1.373 to account for the 37.3% change in the Consumer Price Index for Urban Wage Earners and Clerical Workers between May 2012 (when Chatham Financial and Webster Bank submitted the referenced comment letters) and January 2025 (226.600 to 311.172) and rounding to the nearest whole number. BLS, CPI for Urban Wage Earners and Clerical Workers (CPI–W), U.S. City Average, All Items—CWUR0000SA0, available at *https://www.bls.gov/data/#prices.*

[137] Clearing Requirement Determination Under Section 2(h) of the CEA, 77 FR 47170, 47211 (Aug. 7, 2012) (First Determination Proposal); First Determination, 77 FR at 74324.

[138] The comment letter from Chatham Financial is available at *http://comments.cftc.gov/PublicComments/ViewComment.aspx?id=58077* and the comment letter from Webster Bank is available at *http://comments.cftc.gov/PublicComments/ViewComment.aspx?id=58076.*

[139] Clearing Requirement Determination Under Section 2(h) of the CEA for Interest Rate Swaps, 81 FR 39506, 39529 n.118 (June 16, 2016) (Second Determination Proposal); Second Determination, 81 FR 71232 n.184.

[140] First Determination, 77 FR at 74324; Second Determination, 81 FR 71232 n.184.

[141] First Determination, 77 FR at 74324.

[142] *Id.*

[143] As stated in the NPRM, the Commission does not have current information regarding such fees and requested that commenters provide the necessary data where available. No commenter provided such data. The Commission provided inflation-adjusted cost estimates in its discussion of Factor IV.

[144] First Determination Proposal, 77 FR at 47212; First Determination, 77 FR at 74325.

[145] The comment letter from Chatham Financial is available at *http://comments.cftc.gov/PublicComments/ViewComment.aspx?id=58077* and the comment letter from Webster Bank is available at *http://comments.cftc.gov/PublicComments/ViewComment.aspx?id=58076.*

[146] Second Determination Proposal, 81 FR at 39529 n.119; Second Determination, 81 FR 71233 n.189.

[147] First Determination, 77 FR at 74325; Second Determination, 81 FR 71233 n.189.

[148] These estimates are derived by multiplying the 2012 estimates by 1.373 to account for the 37.3% change in the Consumer Price Index for Urban Wage Earners and Clerical Workers between May 2012 (when Chatham Financial and Webster Bank submitted the referenced comment letters) and January 2025 (226.600 to 311.172) and rounding to the nearest whole number. BLS, CPI for Urban Wage Earners and Clerical Workers (CPI–W), U.S. City Average, All Items—CWUR0000SA0, available at *https://www.bls.gov/data/#prices.*

adopted in the First Determination.[149] Furthermore, as noted above, with respect to the inflation-adjusted estimates included in the NPRM, the Commission noted that increases in the costs related to occasional swap transactions may not track inflation directly.

No commenter provided current information regarding fees paid to FCMs in relation to occasional swap transactions. It is difficult to predict precisely how the requirement to clear MXN F–TIIE and additional CAD CORRA OIS will promote the use of swap clearing, as compared to the use of clearing that would occur in the absence of the requirement. However, as presented by the data above, voluntary clearing rates are so high that the percentage of swaps that would be cleared pursuant to the rule is unlikely to increase materially. Some CAD CORRA and MXN F–TIIE OIS will continue to be uncleared pursuant the exceptions and exemptions set out in subpart C of part 50 of the Commission's regulations.[150]

Any increase in the use of clearing due to this determination would lead in most cases to an incremental increase in the transaction costs noted above. However, because most market participants have already undertaken the steps necessary to accommodate the clearing of swaps subject to required clearing, the Commission anticipates that the burden associated with clearing the CAD CORRA and MXN F–TIIE OIS subject to this determination should be minimal.

c. Costs Related to Collateralization of Cleared Swap Positions

Market participants that enter the CAD CORRA and MXN F–TIIE OIS subject to the amended rule will be required to post initial margin at a DCO. The CAD CORRA and MXN F–TIIE OIS subject to this clearing requirement determination are already being widely cleared, and so any additional amounts of initial margin that market participants would be required to post to a DCO as a result of this determination likely would be relatively small. In reaching this view, the Commission considered situations where (1) uncleared CAD CORRA or MXN F–TIIE OIS may be otherwise collateralized;[151] (2) uncleared CAD CORRA or MXN F–TIIE OIS between certain swap dealers and ''financial end-users'' are, or will be, subject to initial and variation margin requirements under the Commission's margin regulations for uncleared swaps;[152] (3) the pricing of certain uncleared swaps may account for implicit contingent liabilities and counterparty risk; (4) not all CAD CORRA and MXN F–TIIE OIS will necessarily be eligible for clearing if they have terms that prevent them from being cleared;[153] and (5) certain entities may elect an exception or exemption from the clearing requirement.[154]

Market participants that are not clearing voluntarily and not otherwise required to post margin or collateral may incur costs related to funding collateral once they are required to clear. The greater the funding cost relative to the rate of return on the asset used as initial margin, the greater the cost of procuring collateral.[155] Quantifying this cost with any precision is challenging because different entities may have different funding costs and may choose assets with different rates of return.

As explained in prior clearing requirement determinations, the CEA directs the Commission to consider whether swaps should be required to be cleared. In 2012 and 2016, the Commission issued rules requiring the clearing of certain interest rate swaps. Additionally, in issuing its 2016 clearing requirement determination, the Commission noted specific benefits offered by central clearing over bilateral margining in terms of mitigation of systemic risk for swaps that are sufficiently standardized and meet the Commission's suitability requirements, including applicability to a wider set of counterparties and the security offered by a DCO's guaranty fund and other resources.[156] In this rulemaking, as in the Commission's Third Determination, the Commission is updating its 2012 and 2016 rules to account for changes in benchmark interest rates.[157]

Further, any new initial margin amounts required to be posted to DCOs for cleared CAD CORRA and MXN F–TIIE OIS will, for entities required to post initial margin under the uncleared swap margin regulations, replace the initial margin amount that has been, or will be, required to be posted to their swap counterparties, pursuant to the uncleared swap margin regulations. The uncleared swap margin regulations require swap dealers and certain ''financial end-users'' to post and collect initial and variation margin for uncleared swaps, subject to various conditions and limitations.[158]

The Commission anticipates that the initial margin that would be required to be posted for a cleared swap to be added under this determination typically will be less than the initial margin that would be required to be posted for uncleared swaps pursuant to the uncleared swap margin regulations. Whereas the initial margin requirement for cleared swaps must be established according to a margin period of risk of at least five days,[159] under the uncleared swap margin regulations, the minimum initial margin requirement is set with a margin period of risk of 10 days or, under certain circumstances, less or no initial margin for inter-affiliate transactions.[160]

With respect to swaps added to the clearing requirement under this determination, but not subject to the uncleared swap margin regulations, the Commission believes that the new initial margin amounts to be deposited will displace costs that are currently embedded in the prices and fees for transacting the swaps on an uncleared

[149] First Determination, 77 FR at 74325.

[150] Subpart C of part 50 contains four principal exceptions and exemptions from the swap clearing requirement, available to certain non-financial end-users, cooperatives, affiliated entities, and banks, savings associations, farm credit system institutions, and credit unions. Commission regulation 50.50–50.53, 17 CFR 50.50–50.53.

[151] *E.g.,* under the terms of a credit support annex.

[152] Margin Requirements for Uncleared Swaps for Swap Dealers and Major Swap Participants, 81 FR 636 (Jan. 6, 2016); Margin Requirements for Uncleared Swaps for Swap Dealers and Major Swap Participants, 85 FR 71246 (Nov. 9, 2020). Swap dealers that are banks are subject to capital and margin rules promulgated by U.S. prudential authorities.

[153] For example, if such swaps do not meet the specifications set forth in revised regulation § 50.4(a).

[154] *See* subpart C of part 50 (Exceptions and Exemptions to the Clearing Requirement).

[155] Certain entities, such as pension funds and asset managers, may use as initial margin assets that they already own. In such cases, market participants would not incur funding costs to post initial margin.

[156] *See* Second Determination, 81 FR at 71219.

[157] In the NPRM, the Commission also requested comment on funding costs that market participants may face due to interest rates on bonds issued by a sovereign nation that also issues the currency in which the RFR OIS subject to the proposed determination is denominated. By way of background, CME and LCH accept as initial margin bonds issued by several sovereigns, and market participants may post such bonds as initial margin. No commenter addressed this issue.

[158] *See generally* subpart E of part 23 of the Commission's regulations. The swap clearing requirement under part 50 of the Commission's regulations applies to a broader scope of market participants than the uncleared swap margin regulations. For example, under subpart E of part 23, a ''financial end-user'' that does not have ''material swaps exposure'' (as defined by regulation § 23.151) is not required to post initial margin, but such an entity may be subject to the swap clearing requirement. 17 CFR 23.151.

[159] Commission regulation § 39.13(g)(2)(ii)(c), 17 CFR 39.13(g)(2)(ii)(c).

[160] Commission regulations §§ 23.154(b)(2)(i) and 23.159. *See generally* Margin and Capital Requirements for Covered Swap Entities, 80 FR 74840 (Nov. 30, 2015).

and uncollateralized basis, rather than add a new cost. Entering a swap is costly for any market participant because of the default risk posed by its counterparty. When a market participant faces a DCO, the DCO accounts for that counterparty credit risk by requiring the market participant to post collateral, and the cost of capital for the collateral is part of the cost that is necessary to maintain the swap position.

When a market participant faces a swap dealer or other counterparty in an uncleared swap, however, the uncleared swap contains an implicit line of credit upon which the market participant effectively draws when its swap position is out of the money. Typically, counterparties charge for this implicit line of credit in the spread they offer on uncollateralized, uncleared swaps.[161] Additionally, because the counterparty credit risk that the implicit line of credit creates is the same as the counterparty risk that would result from an explicit line of credit provided to the same market participant, to a first order approximation, the charge for each should be the same as well.[162] This means that the cost of capital for additional collateral posted as a consequence of requiring uncollateralized swaps to be cleared takes a cost that is implicit in an uncleared, uncollateralized swap and makes it explicit.[163] This observation applies to capital costs associated with both initial margin and variation margin.

The amended rule also may result in added operational costs for those few market participants who are not already clearing these swaps voluntarily. With uncleared swaps, under some circumstances, counterparties may agree not to collect variation margin until certain thresholds are reached, thereby reducing or eliminating the need to exchange daily variation margin.[164] By contrast, DCOs collect and pay variation margin daily and sometimes more frequently. Increased required clearing therefore may increase certain operational costs associated with paying variation margin to the DCO.[165]

The amended rule may result in slight additional costs for clearing members in the form of guaranty fund contributions that are held by the DCO. However, it also could decrease guaranty fund contributions for certain clearing members, such as in certain cases where additional cleared swaps offset those that are already cleared. In addition, once the determination takes effect, there may be market participants who currently trade swaps bilaterally who would have to either become clearing members of a DCO or submit such swaps for clearing through an existing clearing member. A market participant who becomes a direct clearing member must make a guaranty fund contribution, while a market participant who clears its swaps through a clearing member may pay higher fees if the clearing member passes the costs of the guaranty fund contribution to its customers. While the addition of new clearing members and new customers for existing clearing members may result in an increase in guaranty fund requirements, it should be noted that if (1) new clearing members are not among the two clearing members used to calculate the guaranty fund and (2) any new customers trading through a clearing member do not increase the size of uncollateralized risks at either of the two clearing members used to calculate the guaranty fund, all else held constant, existing clearing members may experience a decrease in their guaranty fund requirement.

As discussed above, the individual commenter noted certain issues related to the cost and the effects of required clearing on financial institutions and the costs and benefits associated with collateralization of uncleared versus cleared swaps. Notably, that commenter did not provide details or supply quantifiable data and analysis regarding these subjects.

d. Benefits of Clearing

As noted above, there are significant benefits to the central clearing of swaps. These benefits include reducing and standardizing counterparty credit risk, improving market transparency, and promoting access to clearing services. Specifically, there are important risk mitigation benefits of clearing RFR OIS that replace IBOR swaps (which in the case of CAD CDOR and MXN TIIE fixed-to-floating swaps will be removed from the clearing requirement under this determination). In addition, requiring the central clearing of RFR OIS promotes regulatory continuity and cross-border harmonization of clearing requirements.

The Commission believes that while the requirement to margin uncleared swaps mitigates counterparty credit risk, such risk is mitigated further for swaps that are cleared through a central counterparty. Moreover, the determination applies to a larger set of market participants than the uncleared swaps margin requirements. Thus, to the extent that the determination to add certain CAD CORRA and MXN F–TIIE OIS to the clearing requirement leads to increased clearing overall, these benefits are likely to result. As is the case for the costs noted above, it is likely that the use of clearing will not increase materially because of the amended rule, but implementing a clearing requirement helps ensure the benefits of the rule continue to be realized as market participants continue to clear CAD CORRA and MXN F–TIIE OIS.

The amended rule's requirement that certain swaps be cleared is intended to ensure that market participants face a DCO, and therefore, face a highly creditworthy counterparty. As discussed above, DCOs are some of the most creditworthy counterparties in the swap market because of the risk management tools they have available. The beneficial value of adding MXN F–TIIE and additional CAD CORRA OIS to the clearing requirement may be lessened, in part, because the swap volumes that will be subject to a new clearing requirement are expected to be shifting from one set of swaps to another rather than a straightforward addition of new swap products to the clearing requirement.[166] Moreover, as noted, these benefits are already being realized for the large majority of these swaps that are cleared voluntarily.

Lastly, regarding the benefits of clearing, the current high rates of voluntary clearing for the CAD CORRA and MXN F–TIIE OIS subject to this rulemaking reflect the high value that market participants place on central clearing. Amending the interest rate swap clearing requirement to remove MXN TIIE and CAD CDOR swaps and add MXN F–TIIE and additional CAD

[161] It has been argued that the cash flows of an uncollateralized swap (*i.e.,* a swap with an implicit line of credit) are over time substantially equivalent to the cash flows of a collateralized swap with an explicit line of credit. *See generally* Antonio S. Mello & John E. Parsons, Margins, Liquidity, and the Cost of Hedging, MIT Center for Energy and Environmental Policy Research, May 2012, available at *http://dspace.mit.edu/bitstream/handle/1721.1/70896/2012-005.pdf?sequence=1.*

[162] *Id.* Mello and Parsons state, ''[h]edging is costly. But the real source of the cost is not the margin posted, but the underlying credit risk that motivates counterparties to demand that margin be posted.'' *Id.* at 12. They also note that, ''[t]o a first approximation, the cost charged for the non-margined swap must be equal to the cost of funding the margin account. This follows from the fact that the non-margined swap just includes funding of the margin account as an embedded feature of the package.'' *Id.* at 15–16.

[163] But note that the cost may be greater for uncleared swaps as the initial margin is computed on a counterparty by counterparty basis, whereas in the clearing context, there is most likely greater opportunity for netting exposures at the DCO.

[164] However, part 23 regulations require the mandatory exchange of variation margin under certain circumstances. 17 CFR 23.151 and 23.153.

[165] However, exchange of variation margin will lower the build-up of current exposure.

[166] As discussed in section IV above.

CORRA OIS will ensure the continuation of these benefits, including by shifting market activity into RFR OIS markets and away from IBOR swap markets.

No commenter expressed a view on the benefits offered by required central clearing of the swaps subject to this rulemaking.

D. Costs and Benefits of the Amendments as Compared to Alternatives

The final rule accounts for the market importance of CAD CORRA and MXN F–TIIE OIS and the fact that these swaps already are widely cleared. These interest rate swaps should be required to be cleared because they are widely cleared, subject to existing clearing requirements in Canada and Mexico, and the infrastructure for clearing and risk management of these swaps already exists.

Considering the Commission's prior clearing requirement determinations, and the widespread use of clearing for the CAD CORRA and MXN F–TIIE OIS to be added under this determination, DCOs, FCMs, and market participants already have experience clearing these swaps. MXN F–TIIE and additional CAD CORRA OIS should be added to the swap clearing requirement after analyzing the factors under section 2(h)(2)(D) of the CEA, in order to promote consistency with its regulatory counterparts in other jurisdictions and to ensure that the benefits of required clearing accrue to the CAD CORRA and MXN F–TIIE OIS that replace CAD CDOR and MXN TIIE swaps no longer offered for clearing.

The Commission considered alternative implementation scenarios for the CAD CORRA and MXN F–TIIE OIS clearing requirement that it proposed. For instance, the Commission might have required that a broader set of MXN F–TIIE OIS be required to be cleared. CME offers clearing on these OIS with a tenor out to 30 years. However, LCH offers clearing on MXN F–TIIE OIS only out to 21 years. In order to ensure that market participants have the option of clearing their OIS at one of two DCOs and not incur any competitive costs associated with having to use one specific DCO, the clearing requirement is limited to MXN F–TIIE OIS with tenors of 21 years or less.

The Commission also considered an alternative scenario in which it did not adopt any new clearing requirement for CAD CORRA or MXN F–TIIE OIS. Under this alternative, the cost to the market would be an increased risk of uncleared swaps (and the associated financial stability risks) should market participants decide to clear less in the future. This cost may be measurable because of the potential effect on the market-wide effort to replace IBOR swaps, including in cleared swap markets, with RFR swaps. On the other hand, any such effect would be mitigated given the current high level of clearing. The benefit of not adopting any new clearing requirements would be savings experienced by market participants that would not be required to clear new CAD CDOR or MXN F–TIIE OIS and that would not otherwise find it beneficial to do so. However, given the high rate of voluntary clearing, any cost savings in the aggregate would be *de minimis.* It is likely that many, if not most, market participants entering the CAD CORRA and MXN F–TIIE OIS subject to this determination already find it beneficial to clear such swaps. Considering this, and in the absence of significant change in the interest rate swap markets, the Commission decided not to pursue this alternative.

E. Section 15(a) Factors

The Commission anticipates that the amendments to add certain swaps to the clearing requirement while removing others will result in a slight increase in the already high use of clearing, although it is impossible to quantify with certainty the extent of that increase.[167] This section discusses the expected results from an overall increase, or maintenance at high levels, in swap clearing based on factors set forth in section 15(a) of the CEA.

1. Protection of Market Participants and the Public

The required clearing of the CAD CORRA and MXN F–TIIE OIS added under this rulemaking should ensure the reduction of counterparty risk for market participants that clear those swaps, because they will be required to face the DCO rather than another market participant that lacks the full set of risk management tools that the DCO possesses. This also should reduce uncertainty in times of market stress because, for cleared trades, market participants facing a DCO would not be concerned with the impact of such stress on the solvency of their original counterparty. By requiring clearing of MXN F–TIIE and additional CAD CORRA OIS, which are already available for clearing and predominantly cleared voluntarily, the Commission aims to modify its interest rate swap clearing requirement to reflect the market transitions from CAD CDOR to CAD CORRA and from MXN TIIE to MXN F–TIIE. CME and LCH will clear a slightly increased volume of swaps they already understand and have experience managing. Similarly, FCMs may realize slightly increased customer and transaction volume because of the requirement but would not have to simultaneously learn how to operationalize clearing for the covered interest rate swaps.

In addition, uncleared swaps subject to collateral agreements can be the subject of valuation disputes, which sometimes require several months or longer to resolve. Potential future exposures can grow significantly and even beyond the amount of initial margin posted during that time, leaving one of the two counterparties exposed to counterparty credit risk. DCOs virtually eliminate valuation disputes for cleared swaps, as well as the risk that uncollateralized exposure can develop and accumulate during the time when such a dispute would have otherwise occurred, thus providing additional protection to market participants who transact in swaps that are cleared. Because most CAD CORRA and MXN F–TIIE OIS are cleared voluntarily, these protections are currently being widely realized by market participants. Requiring clearing under part 50 of the Commission's regulations ensures that they continue to be realized.

As noted above, while required clearing of MXN F–TIIE and additional CAD CORRA OIS may result in certain costs for market participants (*e.g.,* costs related to establishing and maintaining relationships with FCMs), the incremental burdens associated with clearing these OIS should be *de minimis* because most market participants already will have had experience complying with prior clearing requirements. The determination effectively replaces swaps already subject to the clearing requirement with corresponding RFR OIS, and there is existing widespread voluntary clearing of those RFR OIS.

2. Efficiency, Competitiveness, and Financial Integrity of Swap Markets

Swap clearing, in general, reduces uncertainty regarding counterparty risk in times of market stress and promotes liquidity and efficiency during those times. Increased liquidity promotes the ability of market participants to limit losses by exiting positions effectively and efficiently, when necessary, to manage risk during a time of market stress. In addition, to the extent that positions move from facing multiple counterparties in the bilateral market to

[167] It is possible that the level of clearing overall may remain similar if the use of swaps referencing RFRs replaces the use of swaps referencing IBORs.

being cleared through a smaller number of clearinghouses, clearing facilitates increased netting. This reduces the amount of collateral that a party must post in margin accounts. While central clearing concentrates risk, DCOs manage that risk through margining, default management processes, stress testing, and other tools, and have remained resilient during stressed periods. As discussed above, in formulating this determination, the Commission considered a number of factors that relate to the financial integrity of the swap markets. Specifically, the Commission assessed whether CME and LCH have the rule framework, capacity, operational expertise and resources, and credit support infrastructure to clear these swaps on terms that are consistent with the material terms and trading conventions on which the contract is then traded.[168] The Commission also considered the resources of DCOs to handle additional clearing during stressed and non-stressed market conditions, as well as the existence of reasonable legal certainty in the event of a clearing member or DCO insolvency.

Also, as discussed above, bilateral swaps create counterparty risk that may lead market participants to discriminate among potential counterparties based on their creditworthiness. Such discrimination is expensive and time consuming insofar as market participants must conduct due diligence to evaluate a potential counterparty's creditworthiness. Requiring certain types of swaps to be cleared reduces the number of transactions for which such due diligence is necessary, thereby contributing to the efficiency of the swap markets.

In adopting a clearing requirement for MXN TIIE OIS, and in modifying the clearing requirement for CAD CORRA OIS, the Commission must consider the effect on competition, including appropriate fees and charges applied to clearing. There are several potential outcomes that may result from required clearing. Some of these outcomes may impose costs, such as if a DCO possessed market power and exercised that power in an anti-competitive manner, and some of the outcomes would be positive, such as if the clearing requirement facilitated a stronger entry opportunity for competitors.[169] Because most of these swaps are cleared voluntarily, these effects on efficiency, competitiveness, and financial integrity are, to a large degree, currently being realized. Requiring clearing ensures that they continue to be realized.

3. Price Discovery

Clearing, in general, encourages better price discovery because it eliminates the importance of counterparty creditworthiness in pricing swaps cleared through a given DCO. By making the counterparty creditworthiness of all swaps of a certain type essentially the same, prices should reflect factors related to the terms of the swap, rather than the idiosyncratic risk posed by the entities trading it. Because most of these swaps are cleared voluntarily, these effects on price discovery are currently being realized. Requiring clearing ensures that they continue to be realized.

As discussed above, CME and LCH obtain adequate pricing data for the interest rate swaps that they clear. These DCOs establish rule frameworks for their pricing methodologies and rigorously test their pricing models to ensure their respective risk management regimes are as sound as possible.

4. Sound Risk Management Practices

If a firm enters uncleared and uncollateralized swaps to hedge certain positions and then the swaps counterparty defaults unexpectedly, the firm could be left with large outstanding exposures. Even for uncleared swaps that are subject to the Commission's uncleared swap margin regulations, some counterparty credit risk remains.[170] As stated above, when a swap is cleared the DCO becomes the counterparty facing each of the two original participants in the swap. This standardizes and reduces counterparty risk for each of the two original participants. To the extent that a market participant's hedges comprise swaps that are required to be cleared and would not be cleared voluntarily, the requirement enhances their risk management practices by reducing their counterparty risk.

In addition, to the extent that required clearing reduces or deters a potential increase in bilateral trading, it reduces the complexity of unwinding or transferring swap positions from large entities that default. Procedures for transfer of swap positions and mutualization of losses among DCO members are already in place, and the Commission anticipates that they are much more likely to function in a manner that enables rapid transfer of defaulted positions than legal processes that would surround the enforcement of bilateral contracts for uncleared swaps.[171]

Central clearing has evolved since the 2009 G20 Pittsburgh Summit, when G20 leaders committed to central clearing of all standardized swaps.[172] The percentage of the swap market that is centrally cleared has increased significantly, clearinghouses have expanded their offerings, and the range of banks and other financial institutions that submit swaps to clearinghouses has broadened. At the same time, the numbers of swap clearinghouses and swap clearing members has remained highly concentrated. This has created concerns about a concentration of credit and liquidity risk at clearinghouses that could have systemic implications.[173]

However, the Commission believes that DCOs are capable of risk managing the swaps that are the subject of this determination. Moreover, because most of the CAD CORRA and MXN F–TIIE OIS to be added to the clearing requirement are already cleared, the Commission anticipates that the extent to which this determination will increase the credit risk and liquidity risk that is concentrated at DCOs will be relatively small.

5. Other Public Interest Considerations

In September 2009, the G20 nations met in Pittsburgh and committed to a program of action that includes, among other things, central clearing of all standardized swaps.[174] The Commission

[168] *See* section V above.

[169] Issues related to competition also are considered in sections V and VIII.

[170] For example, there is a small risk of a sudden price move so large that a counterparty would be unable to post sufficient variation margin to cover the loss, which may exceed the amount of initial margin posted, and could be forced into default.

[171] Sound risk management practices are critical for all DCOs, especially those offering clearing for interest rate swaps given the size and interconnectedness of the global interest rate swap market. The Commission considered whether each regulation § 39.5(b) submission under review was consistent with the DCO core principles. In particular, the Commission considered the DCO submissions under Core Principle D, which relates to risk management. This determination also considers the effect on the mitigation of systemic risk in the interest rate swap market, as well as the protection of market participants during insolvency events at either the clearing member or DCO level.

[172] The G20 Leaders Statement made in Pittsburgh is available at *http://www.g20.utoronto.ca/2009/2009communique0925.html.*

[173] *See* Dietrich Domanski, et al., ''Central clearing: Trends and current issues,'' BIS Quarterly Review, Dec. 2015, available at *https://www.bis.org/publ/qtrpdf/r_qt1512g.pdf;* U.S. Department of the Treasury, Office of Financial Research, Financial Stability Report, at 35 (Nov. 2018), available at *https://www.federalreserve.gov/publications/files/financial-stability-report-201811.pdf;* Umar Faruqui, et al., ''Clearing risks in OTC derivatives markets: the CCP-bank nexus,'' at 77–79 (2018), available at *https://www.bis.org/publ/qtrpdf/r_qt1812h.pdf.*

[174] The G20 Leaders Statement made in Pittsburgh is available at *http://www.g20.utoronto.ca/2009/2009communique0925.html.*

believes that this clearing requirement determination is consistent with the G20's commitment and reflects the Commission's ongoing confidence in central clearing for swaps and other derivatives. As discussed throughout this rulemaking, central clearing of derivatives by DCOs can serve the public interest in numerous ways.

VIII. Related Matters

A. Regulatory Flexibility Act

The Regulatory Flexibility Act (RFA) requires agencies to consider whether their rules have a significant economic impact on a substantial number of small entities and, if so, provide a regulatory flexibility analysis with respect to such impact.[175] This determination will not affect any small entities, as the RFA uses that term. Only eligible contract participants (ECPs) may enter into swaps, unless the swap is listed on a designated contract market (DCM),[176] and the Commission has determined that ECPs are not small entities for purposes of the RFA.[177] This determination affects only ECPs because all persons that are not ECPs are required to execute their swaps on a DCM, and all contracts executed on a DCM must be cleared by a DCO, as required by statute and regulation, not the operation of any clearing requirement determination. Therefore, the Chairman, on behalf of the Commission, hereby certifies pursuant to 5 U.S.C. 605(b) that this rulemaking will not have a significant economic impact on a substantial number of small entities.

B. Paperwork Reduction Act

The Paperwork Reduction Act (PRA) [178] imposes certain requirements on Federal agencies, including the Commission, in connection with conducting or sponsoring any collection of information as defined by the PRA. The Commission may not conduct or sponsor, and a respondent is not required to respond to, a request for collection of information unless the information collection request displays a currently valid control number issued by the Office of Management and Budget. This rulemaking does not contain a ''collection of information,'' as defined in the PRA. Accordingly, the requirements imposed by the PRA are not applicable to this rule.

C. Antitrust Laws

Section 15(b) of the CEA requires the Commission to take into consideration the public interest to be protected by the antitrust laws and endeavor to take the least anti-competitive means of achieving the objectives of the CEA, as well as the policies and purposes of the CEA, in issuing any order or adopting any Commission rule or regulation (including any exemption under section 4(c) or 4c(b)), or in requiring or approving any bylaw, rule, or regulation of a contract market or registered futures association established pursuant to section 17 of the CEA.[179] The Commission believes that the public interest to be protected by the antitrust laws is generally to protect competition. The Commission did not identify any anti-competitive effects in the NPRM.[180] The Commission requested comment regarding its analysis about the possible anti-competitive effects of the proposal and whether there are any other specific public interests to be protected by the antitrust laws in this context.[181] The Commission did not receive any comments in response to this particular request.

The Commission confirms its determination that this final rule is not anti-competitive and has no anti-competitive effects. Given this determination, the Commission has not identified any less anti-competitive means of achieving the purposes of the CEA.

D. Executive Orders 12866, 13563, and 14192

Executive Orders 12866 and 13563 direct agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, to select those regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety, and other advantages; and distributive impacts). Section 3(f) of Executive Order 12866 defines a ''significant regulatory action'' as any regulatory action that is likely to result in a rule that may: (1) have an annual effect on the economy of $100 million or more or adversely affect in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or State, local, or tribal governments or communities; (2) create a serious inconsistency or otherwise interfere with an action taken or planned by another agency; (3) materially alter the budgetary impact of entitlements, grants, user fees, or loan programs or the rights and obligations of recipients thereof; or (4) raise novel legal or policy issues arising out of legal mandates, or the President's priorities.

The Office of Management and Budget has determined that this action is not a significant regulatory action as defined in Executive Order 12866, as amended, and therefore it was not subject to Executive Order 12866 review.

This rulemaking is not expected to be an Executive Order 14192 regulatory action, because the proposed rule is not a significant regulatory action under E.O. 12866.

E. Congressional Review Act

Pursuant to the Congressional Review Act (5 U.S.C. 801 *et seq.*), the Office of Information and Regulatory Affairs designated this rule as not a ''major rule,'' as defined by 5 U.S.C. 804(2).

List of Subjects in 17 CFR Part 50

Business and industry, Clearing, Swaps.

For the reasons set forth in the preamble, the Commodity Futures Trading Commission amends 17 CFR part 50 as follows:

PART 50—CLEARING REQUIREMENT AND RELATED RULES

■ 1. The authority citation for part 50 continues to read as follows:

Authority: 7 U.S.C. 2(h), 6(c), and 7a–1, as amended by Pub. L. 111–203, 124 Stat. 1376.

■ 2. In § 50.4, revise paragraph (a) to read as follows:

§ 50.4 Classes of swaps required to be cleared.

(a) *Interest rate swaps.* Swaps that have the following specifications are required to be cleared under section 2(h)(1) of the Act, and shall be cleared pursuant to the rules of any derivatives clearing organization eligible to clear such swaps under § 39.5(a) of this chapter.

[175] 5 U.S.C. 601 *et seq.*

[176] Section 2(e) of the CEA, 7 U.S.C. 2(e).

[177] Opting Out of Segregation, 66 FR 20740, 20743 (Apr. 25, 2001).

[178] 44 U.S.C. 3507(d).

[179] Section 15(b) of the CEA, 7 U.S.C. 15(b).

[180] As discussed above and in the NPRM, the Commission identified one potential anti-competitive effect; however, the Commission determined that the amendments would not have an anti-competitive effect and in fact, may result in positive market effects. *See* section V.C.4 and NPRM, 91 FR at 25838.

[181] NPRM, 91 FR at 25838.

TABLE 1 TO PARAGRAPH (a)

Specification	Fixed-to-floating swap class					
1. Currency	Australian Dollar (AUD).	Euro (EUR)	Hong Kong Dollar (HKD).	Norwegian Krone (NOK).	Polish Zloty (PLN)	Swedish Krona (SEK).
2. Floating Rate Indexes.	BBSW	EURIBOR	HIBOR	NIBOR	WIBOR	STIBOR.
3. Stated Termination Date Range.	28 days to 30 years.	28 days to 50 years.	28 days to 10 years.	28 days to 10 years.	28 days to 10 years.	28 days to 15 years.
4. Optionality	No	No	No	No	No	No.
5. Dual Currencies	No	No	No	No	No	No.
6. Conditional Notional Amounts.	No	No	No	No	No	No.

TABLE 2 TO PARAGRAPH (a)

Specification	Basis swap class	
1. Currency	Australian Dollar (AUD)	Euro (EUR).
2. Floating Rate Indexes	BBSW	EURIBOR.
3. Stated Termination Date Range	28 days to 30 years	28 days to 50 years.
4. Optionality	No	No.
5. Dual Currencies	No	No.
6. Conditional Notional Amounts	No	No.

TABLE 3 TO PARAGRAPH (a)

Specification	Forward rate agreement class			
1. Currency	Euro (EUR)	Polish Zloty (PLN)	Norwegian Krone (NOK)	Swedish Krona (SEK).
2. Floating Rate Indexes	EURIBOR	WIBOR	NIBOR	STIBOR.
3. Stated Termination Date Range.	3 days to 3 years	3 days to 2 years	3 days to 2 years	3 days to 3 years.
4. Optionality	No	No	No	No.
5. Dual Currencies	No	No	No	No.
6. Conditional Notional Amounts.	No	No	No	No.

TABLE 4 TO PARAGRAPH (a)

Specification	Overnight index swap class									
1. Currency	Australian Dollar (AUD).	Canadian Dollar (CAD).	Euro (EUR)	Mexican Peso (MXN).	Singapore Dollar (SGD).	Sterling (GBP).	Swiss Franc (CHF).	U.S. Dollar (USD).	U.S. Dollar (USD).	Yen (JPY)
2. Floating Rate Indexes.	AONIA–OIS	CORRA–OIS.	€STR	MXN–TIIE ON–OIS Compound.	SORA	SONIA	SARON	FedFunds	SOFR	TONA.
3. Stated Termination Date Range.	7 days to 2 years.	7 days to 30 years.	7 days to 3 years.	28 days to 21 years.	7 days to 10 years.	7 days to 50 years.	7 days to 30 years.	7 days to 3 years.	7 days to 50 years.	7 days to 30 years.
4. Optionality	No	No	No	No	No	No	No	No	No	No.
5. Dual Currencies.	No	No	No	No	No	No	No	No	No	No.
6. Conditional Notional Amounts.	No	No	No	No	No	No	No	No	No	No.

* * * * *

■ 3. In § 50.26, revise paragraph (a) to read as follows:

§ 50.26 Swap clearing requirement compliance dates.

(a) *Compliance dates for interest rate swap classes.* The compliance dates for swaps that are required to be cleared under § 50.4(a) are specified in the following table.

TABLE 1 TO PARAGRAPH (a)

Swap asset class	Swap class subtype	Currency and floating rate index	Stated termination date range	Clearing requirement compliance date
Interest Rate Swap	Fixed-to-Floating	Euro (EUR) EURIBOR	28 days to 50 years ...	Category 1 entities March 11, 2013. All non-Category 2 entities June 10, 2013. Category 2 entities September 9, 2013.
Interest Rate Swap	Fixed-to-Floating	Australian Dollar (AUD) BBSW.	28 days to 30 years ...	All entities December 13, 2016.
Interest Rate Swap	Fixed-to-Floating	Hong Kong Dollar (HKD) HIBOR.	28 days to 10 years ...	All entities August 30, 2017.
Interest Rate Swap	Fixed-to-Floating	Norwegian Krone (NOK) NIBOR.	28 days to 10 years ...	All entities April 10, 2017.
Interest Rate Swap	Fixed-to-Floating	Polish Zloty (PLN) WIBOR.	28 days to 10 years ...	All entities April 10, 2017.
Interest Rate Swap	Fixed-to-Floating	Swedish Krona (SEK) STIBOR.	28 days to 15 years ...	All entities April 10, 2017.
Interest Rate Swap	Basis	Euro (EUR) EURIBOR	28 days to 50 years ...	Category 1 entities March 11, 2013. All non-Category 2 entities June 10, 2013. Category 2 entities September 9, 2013.
Interest Rate Swap	Basis	Australian Dollar (AUD) BBSW.	28 days to 30 years ...	All entities December 13, 2016.
Interest Rate Swap	Forward Rate Agreement.	Euro (EUR) EURIBOR	3 days to 3 years	Category 1 entities March 11, 2013. All non-Category 2 entities June 10, 2013. Category 2 entities September 9, 2013.
Interest Rate Swap	Forward Rate Agreement.	Polish Zloty (PLN) WIBOR.	3 days to 2 years	All entities April 10, 2017.
Interest Rate Swap	Forward Rate Agreement.	Norwegian Krone (NOK) NIBOR.	3 days to 2 years	All entities April 10, 2017.
Interest Rate Swap	Forward Rate Agreement.	Swedish Krona (SEK) STIBOR.	3 days to 3 years	All entities April 10, 2017.
Interest Rate Swap	Overnight Index Swap	Euro (EUR) €STR	7 days to 3 years	All entities September 23, 2022.
Interest Rate Swap	Overnight Index Swap	Singapore Dollar (SGD) SORA.	7 days to 10 years	All entities October 31, 2022.
Interest Rate Swap	Overnight Index Swap	Sterling (GBP) SONIA	7 days to 2 years	Category 1 entities March 11, 2013. All non-Category 2 entities June 10, 2013. Category 2 entities September 9, 2013.
			2 years + 1 day to 3 years.	All entities December 13, 2016.
			3 years + 1 day to 50 years.	All entities September 23, 2022.
Interest Rate Swap	Overnight Index Swap	Swiss Franc (CHF) SARON.	7 days to 30 years	All entities September 23, 2022.
Interest Rate Swap	Overnight Index Swap	U.S. Dollar (USD) FedFunds.	7 days to 2 years	Category 1 entities March 11, 2013. All non-Category 2 entities June 10, 2013. Category 2 entities September 9, 2013.
			2 years + 1 day to 3 years.	All entities December 13, 2016.
Interest Rate Swap	Overnight Index Swap	U.S. Dollar (USD) SOFR.	7 days to 50 years	All entities October 31, 2022.
Interest Rate Swap	Overnight Index Swap	Australian Dollar (AUD) AONIA–OIS.	7 days to 2 years	All entities December 13, 2016.
Interest Rate Swap	Overnight Index Swap	Canadian Dollar (CAD) CORRA–OIS.	7 days to 2 years	All entities July 10, 2017.
			2 years + 1 day to 30 years.	All entities October 8, 2026.
Interest Rate Swap	Overnight Index Swap	Yen (JPY) TONA	7 days to 30 years	All entities September 23, 2022.
Interest Rate Swap	Overnight Index Swap	Mexican Peso (MXN) MXN–TIIE ON–OIS Compound.	28 days to 21 years ...	All entities October 8, 2026.

* * * * *

Issued in Washington, DC, on September 2, 2026, by the Commission.

Robert Sidman,

Deputy Secretary of the Commission.

Note: The following appendix will not appear in the Code of Federal Regulations.

Appendix To Clearing Requirement Determination Under Section 2(h) of the Commodity Exchange Act for Interest Rate Swaps To Account for CAD and MXN Interest Rate Benchmark Transitions—Commission Voting Summary

On this matter, Chairman Selig voted in the affirmative. No Commissioner voted in the negative.

[FR Doc. 2026–18212 Filed 9–4–26; 8:45 am]

BILLING CODE 6351–01–P

DEPARTMENT OF HOMELAND SECURITY

Coast Guard

33 CFR Part 165

[Docket Number USCG–2026–1094]

RIN 1625–AA00

Safety Zone; Laguna Madre, South Padre Island, TX

AGENCY: Coast Guard, Department of Homeland Security.

ACTION: Temporary final rule.

SUMMARY: The Coast Guard is establishing a temporary safety zone for navigable waters on the Laguna Madre. The safety zone is needed to protect personnel, vessels, and the marine environment from potential hazards associated with an over water fireworks display. Entry of vessels or persons into this zone is prohibited unless specifically authorized by the Captain of the Port, Sector Corpus Christi, or their designated representative.

DATES: This rule is effective from September 5, 2026, through September 8, 2026. The zone will be enforced for three hours one evening during this period, depending on the fireworks display schedule.

ADDRESSES: To view available documents go to *https://www.regulations.gov* and search for USCG–2026–1094.

FOR FURTHER INFORMATION CONTACT: If you have questions about this rule, contact Lieutenant Commander Timothy Cardenas, Sector Corpus Christi Waterways Management Division, U.S. Coast Guard; telephone (361) 244–4784, or email *Timothy.J.Cardenas@uscg.mil.*

SUPPLEMENTARY INFORMATION:

I. Table of Abbreviations

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

II. Background and Authority

The Coast Guard received notification that fireworks will be launched from a barge on the Laguna Madre near Louie's Backyard, South Padre Island, TX. The Captain of the Port (COTP) Sector Corpus Christi has determined that potential hazards associated with fireworks are a safety concern for anyone within a half mile of the fireworks display. Hazards from fireworks displays include accidental discharge of fireworks, dangerous projectiles, and falling hot embers or other debris. Therefore, the COTP is issuing this rule under the authority in 46 U.S.C. 70034, which is needed to protect personnel, vessels, and the marine environment in the navigable waters within the safety zone.

Because of these potential hazards, the Coast Guard is issuing this rule without prior notice and comment. As is authorized by 5 U.S.C. 553(b)(B), the Coast Guard finds that good cause exists for not publishing a notice of proposed rulemaking (NPRM) with respect to this rule because it is impracticable. The Coast Guard was notified of this event on August 7, 2026, but we must establish this safety zone by September 5, 2026, to protect personnel, vessels, and the marine environment. Therefore, we do not have enough time to solicit and respond to comments.

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

III. Discussion of the Rule

This rule establishes a safety zone from September 5, 2026 through September 8, 2026. The zone will only be enforced for three hours, from 8 p.m. to 11 p.m., on one day during this period, depending on the schedule for a fireworks display. The day and time of enforcement will depend on the weather conditions. The Captain of the Port will announce the specific enforcement times to the public in advance, via local broadcasts or other public advisories.

The safety zone will encompass certain navigable waters of the Laguna Madre and within a 700-foot radius around the launching platform, located at approximate position 26°6′02.1″ N, 97°10′17.7″ W. No vessel or person is permitted to enter the temporary safety zone during the effective period without obtaining permission from the COTP or a designated representative, who may be contacted on Channel 16 VHF–FM (156.8 MHz) or by telephone at 800–874–2143.

IV. Regulatory Analyses

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

A. Impact on Small Entities

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

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

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

B. Collection of Information

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

C. Federalism and Indian Tribal Governments

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

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

D. Unfunded Mandates Reform Act

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

E. Environment

We have analyzed this rule under Department of Homeland Security Directive 023–01, Rev. 1, associated implementing instructions, and Environmental Planning COMDTINST 5090.1 (series), which guide the Coast

Guard in complying with the National Environmental Policy Act of 1969 (42 U.S.C. 4321 *et seq.*), and have determined that this action is one of a category of actions that do not individually or cumulatively have a significant effect on the human environment.

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

List of Subjects in 33 CFR Part 165

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

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

PART 165—REGULATED NAVIGATION AREAS AND LIMITED ACCESS AREAS

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

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

■ 2. Add § 165.T08–1064 to read as follows:

§ 165.T08–1094 Safety Zone; Laguna Madre, South Padre Island, TX.

(a) *Location.* The following area is a safety zone: Certain navigable waters of the Laguna Madre from surface to bottom within a 700-foot radius around fireworks barge located at approximate position: 26°6′02.1″ N, 97°10′17.7″ W. These coordinates are based on the World Geodetic System (WGS 84).

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

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

(2) To seek permission to enter, contact the COTP or the COTP's representative on VHF–FM channel 16 or by telephone at (800) 874–2143. Those in the safety zone must comply with all lawful orders or directions given to them by the COTP or the COTP's designated representative.

(d) *Enforcement period.* This section will be enforced from 8 p.m. to 11 p.m. on one evening between September 5, 2026 and September 8, 2026. The Captain of the Port will announce the specific day and time of enforcement to the public in advance, through broadcasts or other public advisories.

T.H. Bertheau,

Captain, U.S. Coast Guard, Captain of the Port Sector Corpus Christi.

[FR Doc. 2026–18279 Filed 9–4–26; 8:45 am]

BILLING CODE 9110–04–P

Proposed Rules

Federal Register

Vol. 91, No. 172

Tuesday, September 8, 2026

DEPARTMENT OF THE INTERIOR

Bureau of Land Management

43 CFR Part 3130

[Docket No. BLM–2026–0133; A2407–014–004–065516, #O2509–014–004–125222; LLAK910000 L13100000.PP0000]

RIN 1004–AF57

National Petroleum Reserve in Alaska Production Site Development

AGENCY: Bureau of Land Management, Interior.

ACTION: Proposed rule.

SUMMARY: The Bureau of Land Management (BLM) is proposing to streamline its decision-making process for authorizing the construction and operation of qualifying oil and gas production sites and their associated rights-of-way (ROWs) in the National Petroleum Reserve in Alaska (the Petroleum Reserve or NPR–A). This proposed rule would establish pre-defined criteria for defined and repeatable common activities with similar environmental effects that, when met by an applicant, would result in a streamlined permitting process for qualifying production sites.

DATES: Send your comments on this proposed rule to the BLM on or before November 9, 2026. The BLM is not obligated to consider any comments received after this date in making its decision on the final rule.

Information Collection Requirements: This proposed rule includes a new information-collection requirement that must be approved by the Office of Management and Budget (OMB). If you wish to comment on the proposed new information-collection requirement, please note that those comments should be sent directly to the OMB. The OMB is required to make a decision concerning the collection of information contained in this proposed rule between 30 and 60 days after publication of this document in the **Federal Register**. Therefore, a comment to the OMB on the proposed information-collection revisions is best assured of being given full consideration if the OMB receives it by October 8, 2026.

ADDRESSES: Submit your comments using one of these methods:

- *Mail, personal, or messenger delivery:* U.S. Department of the Interior, Director (630), Bureau of Land Management, 1849 C St. NW, Room 5646, Washington, DC 20240, Attention: 1004–AF57.
- *Federal eRulemaking Portal: https://www.regulations.gov.* In the Search-box, enter ''BLM–2026–0133'' and click the ''Search'' button. Follow the instructions at this website.

For Comments on Information—Collection Activities

Information-Collection Requirements: Written comments and suggestions on the proposed new information-collection requirement should be submitted by the date specified earlier in **DATES** to *www.reginfo.gov/public/do/PRAMain.* Find this specific information-collection by selecting ''Currently under Review—Open for Public Comments'' or by using the search function.

If you submit comments on these information-collection burdens, you should provide the BLM with a copy at one of the addresses shown earlier in this section so that we can summarize all written comments and address them in the final rulemaking. Please indicate ''Attention: Paperwork Reduction Act Comments (RIN 1004–AF57).'' Comments not pertaining to the proposed rule's information-collection burdens should not be submitted to OMB. The BLM is not obligated to consider or include in the Administrative Record for the final rule any comments that are improperly directed to OMB.

FOR FURTHER INFORMATION CONTACT: Peter Cowan, NPR–A Rulemaking Project Manager, telephone: 505–954–2016 or email: *NPR–A_Production_Site_Rule@blm.gov.* For questions relating to regulatory process issues, contact Faith Bremner at: 202–513–0775. Individuals in the United States who are deaf, blind, hard of hearing, or have a speech disability may dial 711 (TTY, TDD, or TeleBraille) to access telecommunications relay services for contacting Mr. Cowan. Individuals outside the United States should use the relay services offered within their country to make international calls to the point-of-contact in the United States.

For a summary of the rule, please click on the Docket Details tab in docket number BLM–2026–0133 on *www.regulations.gov.*

SUPPLEMENTARY INFORMATION:

I. List of Acronyms
II. Public Comment Procedures
III. Background
IV. Discussion of the Proposed Rule
V. Procedural Matters

I. List of Acronyms

APD—Application for Permit to Drill
BLM—Bureau of Land Management
CFR—Code of Federal Regulations
COA—Condition of Approval
DOI—Department of the Interior
EIS—Environmental Impact Statement
E.O.—Executive Order
FLPMA—Federal Land Policy and Management Act
IAP—Integrated Activity Plan
MDP—Master Development Plan
MMPA—Marine Mammal Protection Act
NAGPRA—Native American Graves Protection and Repatriation Act
NEPA—National Environmental Policy Act
NHPA—National Historic Preservation Act
NPR–A—National Petroleum Reserve—Alaska
NPRPA—Naval Petroleum Reserves Production Act of 1976
NSO—No Surface Occupancy
OIRA—Office of Information and Regulatory Affairs
OMB—Office of Management and Budget
PRA—Paperwork Reduction Act
RFA—Regulatory Flexibility Act
RIA—Regulatory Impact Analysis
ROD—Record of Decision
ROP—Required Operating Procedure
ROW—Right-of-way
UMRA—Unfunded Mandates Reform Act
U.S.C.—United States Code

II. Public Comment Procedures

If you wish to comment on this proposed rule, you may submit your comments to the BLM by mail, personal or messenger delivery, or through *https://www.regulations.gov* (see the **ADDRESSES** section). Please make your comments on the proposed rule as specific as possible, confine them to issues pertinent to the proposed rule, explain the reason for any changes you recommend, and include any supporting documentation. Where possible, your comments should reference the specific section or paragraph of the proposal that you are addressing (for example, ''43 CFR

3139.11 Pads and Road Design''). The BLM is not obligated to consider or include in the administrative record for the final rule any comments received after the close of the comment period (see **DATES**) or comments delivered to an address other than those listed previously (see **ADDRESSES**).

Comments, including names and street addresses of respondents, will be available for public review at the address listed under ''**ADDRESSES**: *Mail, personal or messenger delivery*'' during regular hours (7:45 a.m. to 4:15 p.m. Eastern Time), Monday through Friday, except holidays. Before including your address, telephone number, email address, or other personal identifying information in your comment, be advised 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 from public review your personal identifying information, we cannot guarantee that we will be able to do so.

II. Background

On May 12, 2026, the BLM Alaska State Office received a ''Petition for Rulemaking to Create a Development Permit Program in the National Petroleum Reserve in Alaska'' (Petition) from the Alaska Oil and Gas Association, which is a professional trade association that represents companies involved in exploring, producing, transporting, and refining oil and gas in Alaska. The Petition, submitted on behalf of AOGA's member companies, outlines the need for a uniform and efficient permit approval process that would expedite the authorization and construction of production sites and associated rights-of-way, while maintaining robust environmental protections and mitigation measures. Drawing on nearly 3 decades of environmental impact analyses and regulatory experience in the NPR–A, the Petition proposes regulatory modifications designed to streamline permitting for projects with well-understood environmental effects, thereby advancing both Congressional intent for expeditious development under the laws governing the NPR–A and national energy policy objectives. The public can review the Petition on the BLM's website, *https://eplanning.blm.gov,* under NEPA number ''DOI–BLM–AK–0000–2026–0012–EIS.''

After considering the Petition, the BLM decided to undertake this rulemaking to streamline the decision-making process for certain defined and repeatable common activities with similar environmental effects in the Petroleum Reserve. The Department and the BLM have long recognized that existing processes for NPR–A development were often repetitive, duplicative, unpredictable, and unnecessarily burdensome and in need of streamlining. This rulemaking therefore advances improvements that the Department had already contemplated, before it received the petition, to reduce delays in decision making for oil and gas infrastructure in the Petroleum Reserve; to better implement the direction of the Naval Petroleum Reserves Production Act of 1976, as amended (NPRPA); and to expeditiously develop oil and gas resources within the NPR–A.

In addition, this rulemaking reflects the current Integrated Activity Plan (IAP), which provides the overarching management framework for the NPR–A, including land allocations, applicable lease stipulations, required operating procedures, and broad-scale environmental analyses that guide future leasing and development decisions. The 2025 IAP implements the direction in section 50105 of Public Law 119–21 that the BLM expeditiously restore and resume oil and gas lease sales under the NPR–A leasing program by holding at least five lease sales by 2035 in the areas designated for leasing in the 2020 IAP ROD and under the same lease terms and stipulations set out in that decision. As a result, the 2025 IAP established the conditions and expectations, consistent with the 2020 IAP ROD, under which oil and gas activities may proceed across much of the Petroleum Reserve, ensuring consistency, predictability, and appropriate resource protections. Note, however, that while the IAP provides the management direction for how leasing and development occur in the NPR–A, it does not by itself authorize exploration or development activities. This proposed rule relies on that framework, but goes further, by offering a streamlined permitting process for production site applications, aligning detailed project-level approvals with the IAP's programmatic direction.

The most recent example of the BLM's decision-making process to authorize oil and gas development in the Petroleum Reserve is the Willow Master Development Plan (MDP). After ConocoPhillips Alaska, Inc. requested that the BLM prepare the Willow MDP Environmental Impact Statement (EIS) on May 10, 2018, the BLM initiated the National Environmental Policy Act (NEPA) review by publishing a Notice of Intent to prepare an EIS on August 7, 2018 (82 FR 38725). Following a Record of Decision (ROD) in October 2020, litigation ensued, and the court ultimately vacated the ROD and remanded the matter to the BLM in 2021. The BLM then prepared a Supplemental EIS to address the District Court's decision. After completing the Supplemental EIS, the BLM then issued a new ROD approving the plan—which authorized development—in March 2023. Agency review of proposed development under the Willow MDP proceeded over an almost 5-year period that included the BLM's initial NEPA review, a change in administration, litigation that resulted in a supplemental EIS, and additional analysis before issuance of the final ROD in March 2023. By comparison, the streamlined process proposed in this rule would establish a 60-day decision window for qualifying production site applications, reflecting the BLM's intent to provide a more predictable and timely approval framework for development activities with well-understood environmental effects. This approach would reduce the delays in project permitting—demonstrated by the Willow MDP—by setting clear eligibility criteria for streamlined review; requiring all compliance steps and data up front, establishing strict timelines for BLM review and approval; and relying on an EIS, which is being developed as part of this rulemaking, to avoid repetitive NEPA analyses.

In support of this rulemaking, the BLM identified and reviewed the applicable oil and gas development environmental assessments and EISs completed within the NPR–A since 1998. The ePlanning website (*https://eplanning.blm.gov/*) contains a comprehensive list of environmental assessments and EISs completed within the NPR–A, which can be accessed by searching for the EIS supporting the rule under NEPA number ''DOI–BLM–AK–0000–2026–0012–EIS.'' By comparison, the streamlined process proposed in this rule would establish a 60-day decision window for qualifying production site applications, reflecting the BLM's intent to provide a more predictable and timely approval framework for development activities with well-understood environmental effects.

While the Willow project involves full field development of the most comprehensive type in the NPR–A to date, the review process and timeline are not atypical for other more modest development proposals with similar known environmental effects in the area. In particular, the BLM's experience approving the Greater Mooses Tooth 1 pad, supported by the Supplemental Environmental Impact Statement for the

Alpine Satellite for the Proposed Development Project (DOI–BLM–AK–0000–2013–0001–EIS), demonstrates that even smaller-scale projects may require extensive and time-consuming NEPA review, reinforcing the need to streamline decision-making for certain development activities. The proposed rule would reduce delays experienced in projects like Greater Mooses Tooth 1 by establishing clear eligibility criteria for streamlined review, requiring all compliance information up front, setting firm timelines for the BLM's review and approval, and relying on an EIS to avoid repetitive, project-specific NEPA analyses. The BLM published the *Notice of Intent to Prepare an Environmental Impact Statement for Production Site Development in the National Petroleum Reserve in Alaska* on May 19, 2026 (91 FR 29155), which initiated the BLM's EIS to evaluate the environmental effects of this rulemaking.

A. Naval Petroleum Reserves Production Act of 1976

President Warren G. Harding originally designated the area of the Petroleum Reserve in 1923 as Naval Petroleum Reserve No. 4, Executive Order No. 3797–A (Feb. 27, 1923). It was one of several naval petroleum reserves established in the aftermath of World War I intended to serve as an emergency oil supply for the U.S. Navy. Encompassing approximately 23 million acres of public land extending from the north slope of the Brooks Range to the Arctic Coast—an area nearly the size of the State of Indiana—the Petroleum Reserve's primary purpose was rooted in securing a domestic source of petroleum for national defense, rather than in resource preservation. Between 1944 and 1953, the Navy conducted exploratory programs in the Petroleum Reserve that discovered two small oil fields (Simpson and Umiat), one prospective oil field (Fish Creek), a gas field (South Barrow), and four prospective gas fields (Meade, Square Lake, Titaluk, and Wolf Creek). The Navy also pioneered numerous methods for oil exploration in the Arctic and collected a significant amount of scientific information regarding northern Alaska.

Motivated by private industry's 1968 discovery of oil at Prudhoe Bay and the increasing price of oil due to the embargo that started in 1973, Congress passed the NPRPA in 1976. The NPRPA transferred administrative jurisdiction over the Petroleum Reserve from the Secretary of the Navy to the Secretary of the Interior and redesignated the ''Naval Petroleum Reserve Numbered 4, Alaska'' as the ''National Petroleum Reserve in Alaska.'' At the time the NPRPA was enacted, the NPR–A remained largely unexplored and almost completely undeveloped (H.R. Rep. No. 94–156, at 3). Between 1974 and 1977, the Navy drilled seven test wells in the northeast corner of the NPR–A. These early explorations were significant undertakings that involved public funds, with a single test well costing the Federal Government approximately $100 million.

Congress recognized that accelerating exploration, that would eventually lead to production, of the NPR–A was vital to the national interest to assess the amount and location of the potential oil and gas available in the NPR–A, particularly considering the national need for energy independence. H.R. Rep. No. 94–81, at 8. Congress also acknowledged that the wildlife and other surface values in the NPR–A would have to be considered within the context that the NPR–A be managed for oil and gas exploration activities. Congress determined that the Secretary of the Interior is best qualified to make judgments regarding these other values. *Id.*

Congress provided certain directives within the NPRPA, including for the Secretary of the Interior to commence petroleum exploration within the NPR–A as soon as the administration of the NPR–A was transferred to the Interior Department. Congress further set forth the purpose that the development of the NPR–A be regulated in a manner consistent with the total energy needs of the Nation. The NPRPA established a management priority for oil and gas exploration activities within the NPR–A and, as a result, is considered a dominant-use statute.

Within that context, the NPRPA also authorized the Secretary to promulgate such rules and regulations necessary and appropriate for the protection of environmental, fish and wildlife, and historical or scenic values within the Petroleum Reserve. Public Law 94–258, codified at 42 U.S.C. 6503(b). This provision provides the Secretary with discretion to protect surface resources within the Petroleum Reserve but not in contravention of the overriding purpose of the NPRPA to provide for the energy needs of the Nation.

The NPRPA as originally enacted also directed the Secretary to assure the maximum protection of significant subsistence, recreational, fish and wildlife, or historical or scenic value within special areas, as determined by the Secretary, but only insofar as that protection is consistent with the requirements of the NPRPA for the exploration of the Petroleum Reserve (42 U.S.C. 6504(a)). The BLM promulgated regulations soon after enactment of the NPRPA to govern management and protection of surface resources in the NPR–A that implement the direction in Act (43 CFR part 2360).

In promulgating this rule, the BLM has also been mindful that, under *Loper Bright Enterprises* v. *Raimondo,* 603 U.S. 369 (2024), a reviewing court will exercise independent judgment in determining whether this rule falls within the authority Congress conferred by the NPRPA. The rule is fully consistent with the statutory language and structure of the NPRPA. Section6506a(b) expressly delegates to the Secretary the discretion to determine what conditions, restrictions, and prohibitions are ''necessary or appropriate'' to mitigate reasonably foreseeable and significantly adverse effects on the surface resources within the Petroleum Reserve. Separately, section 6503(b) delegates to the Secretary the discretion to promulgate rules and regulations she deems ''necessary and appropriate'' to protect the Petroleum Reserve's environment, fish and wildlife, and historical or scenic values. Finally, section 6506a(o) expressly authorizes the Secretary to issue implementing regulations. Through this rule, the BLM is appropriately exercising the discretion in that delegated authority in a manner that gives effect to the NPRPA's dominant-use purpose without contravening the Secretary's additional statutory obligation to protect surface resources. Because the discretion exercised here is one Congress expressly conferred, this rule reflects the type of delegation that *Loper Bright* confirms, while ensuring that the BLM has acted within the bounds of that delegation.

B. Department of the Interior Appropriations Act, Fiscal Year 1981

In 1979, the BLM completed a comprehensive ''Study of the Reserve,'' as required by the NPRPA. The study determined the best overall procedures to be used in the development, production, transportation, and distribution of petroleum reserves in the NPR–A, the alternatives to those procedures, and the environmental consequences. The BLM submitted the results of that study to Congress.

In response, Congress amended the NPRPA through the Department of the Interior (DOI) Appropriations Act, Fiscal Year 1981, which directed the Secretary to conduct an expeditious program of competitive leasing of oil and gas in the NPR–A, while providing for such conditions, restrictions, and prohibitions as the Secretary deems appropriate to mitigate reasonably foreseeable and significantly adverse effects on the surface resources in the NPR–A (Pub. L. 96–514, tit. I, 94 Stat. 2957, 2964). The Fiscal Year 1981 Appropriations Act also exempted management of the NPR–A from two sections of the Federal Land Policy and Management Act of 1976, as amended (FLPMA): section 202 (43 U.S.C. 1712), which requires the BLM to prepare resource management plans to guide management of public lands; and section 603 (43 U.S.C. 1782), which required the BLM to complete wilderness reviews and describes the procedures for managing any lands recommended to Congress for wilderness designation pending congressional action. *Id.*

In doing so, Congress explained that exempting the NPR–A from FLPMA sections 202 and 603 was necessary because both sections would otherwise inhibit expeditious leasing. See H.R. Rep. No. 96–1147, at 33 (1980). This legislative history gives further support to the position that the purpose of the NPRPA is primarily to facilitate oil and gas leasing and associated activities and that the direction to protect surface values, both within and outside special areas, is a secondary purpose of the NPRPA. Moreover, the only provision of the NPRPA requiring an EIS (for the first lease sale after enactment) provides that an EIS is only needed ''if such is deemed necessary under the provisions'' of the NEPA—providing clear discretion to the Secretary to make such determination of the level of environmental review required. The NPRPA highlights specific areas (Utukok River, Teshekpuk Lake) as requiring ''maximum protection of surface values'' but also contains the limiting proviso that such protections must be ''consistent with the requirements of this Act for the exploration of the reserve.'' Finally, the Act contains provisions that, compared to other organic statutes pertaining to oil and gas exploration, leasing, and development implemented by the BLM, are unique; these include an expeditious leasing program, generous lease terms, and exploration incentives to ''encourage the greatest ultimate recovery of oil or gas, or in the interest of conservation . . ., '' 42 U.S.C. 6506a(k)(1)(A).

Combined with the original direction in the NPRPA, the 1981 Interior Appropriations Act amendments emphasize that Congress intended to dedicate management of the NPR–A to the primary purpose of supporting an expeditious program of oil and gas activities in the NPR–A, while providing the Secretary with discretion to take into consideration the protection of surface resource values as appropriate and consistent with that overriding purpose. *Id.* Because Congress dedicated management of the NPR–A to a single overriding purpose, the BLM's role centers on facilitating oil and gas development while applying protective measures only as consistent with that mandate. The IAP provides the framework BLM Alaska uses to manage surface resources in the NPR–A, identifying required operating procedures and stipulations that guide where and how development may occur. However, because it is not subject to section 202 of FLPMA, the IAP, which the BLM has long used to guide the management of the NPR–A, addresses a narrower range of uses than a FLPMA resource management plan and does not provide a framework for management under broader principles of multiple use and sustained yield. *See* 43 U.S.C. 1732(a). By establishing these protective measures up front, the IAP ensures that oil and gas activities proceed in a manner consistent with the NPRPA's dominant-use purpose while safeguarding key surface values.

C. Historical Development Within the NPR–A

Before development occurs, operators in the NPR–A generally undertake exploration activities to better understand potential oil and gas resources. These efforts usually include geophysical surveys, constructing temporary (seasonal) ice roads and pads, and drilling exploratory wells. This up-front work helps confirm the existence of oil and gas resources and informs the lessee in determining whether to pursue permanent development and production. In the NPR–A, exploration work is generally seasonal and temporary in nature, leaving behind little to no permanent infrastructure, and it occurs before—and indeed it is often carried out to inform—future development work that is the subject of this rule. As such, exploration work in NPR–A has always received its own standalone NEPA analysis. This analysis supports exploration-specific permitting actions which generally include applications for permits to drill (APD) with associated surface use plan of operations and ROWs. These approvals and their associated NEPA analyses, even though they involve the same geography of a potential future development proposal, are distinct from development level NEPA analyses.

For development level permitting, the BLM's decision-making process begins when an operator submits an initial APD (or sometimes, as in the case of Willow, a broader development proposal may precede the actual APD) for each permanent pad, along with any needed ROW applications. These applications outline the proposed infrastructure such as roads, pads, and wells. These early submissions establish the basic scope of the proposed project and initiate the BLM's review process.

Once the operator submits its applications, the BLM begins preparing the appropriate environmental documents to comply with the NEPA. Historically, the BLM has prepared an EIS for each development plan in the NPR–A, separate from the prior exploration-level NEPA documents which had likely been prepared in the same geographic area. The development EIS evaluates potential environmental effects and considers a range of alternatives. Concurrent with the EIS process, the BLM also completes required analysis and consultations under laws such as the Endangered Species Act (ESA), National Historic Preservation Act (NHPA), and the Alaska National Interest Lands Conservation Act (ANILCA). This environmental review phase has typically spanned several years and provided multiple opportunities for public input.

The NEPA process concludes when the BLM issues a ROD identifying the approved development alternative and outlining how the project may proceed under Federal law and management objectives. The operator then submits any remaining APDs and ROW applications, consistent with the approved plan. Because these are tiered to the development plan's EIS and ROD, no additional NEPA analysis is required. The BLM processes these permits under applicable regulations. The Mineral Leasing Act of 1920 (30 U.S.C. 226(p)) requires that APDs are issued within 30 days of receipt if the requirements under NEPA and all other applicable laws have been completed. Of the 72 APDs BLM Alaska has issued in the NPR–A over the last 10 years as development has been increasing, processing has taken an average of 32 days from receiving a complete application. In reviewing the NEPA preparation and subsequent permitting application processing time, the BLM Alaska State Office completes review and approval of full field development plans in approximately three to five years. For this reason, and as a result of Alaska's unique construction/project window as a result of weather, applicants often initiate their development plans/applications years in advance.

Following permit approval, on-the-ground work may begin. Construction of roads and pads typically occurs during winter, when frozen ground facilitates access and reduces surface impacts. Production-phase drilling usually begins following initial construction of at least some permanent gravel roads and pads, and the combined construction and drilling phases often extend over several years. Once drilling is complete and production facilities are operational, oil production begins. From permit approval through construction and to first oil, the post-NEPA development cycle in the NPR–A commonly spans up to 6 years.

Throughout development, operators continue technical work such as seismic data reprocessing, reservoir modeling, engineering design, and refining subsurface drilling plans.

III. Discussion of the Proposed Rule

A. Summary

The BLM proposes this more efficient means of project review and approval to ensure the Secretary better meets his NPRPA statutory direction for ''expeditious'' oil and gas leasing and development while also ensuring the BLM achieves the same level of protection of the surface values in the NPR–A. The proposed rule establishes a streamlined permitting process for qualifying oil and gas production sites in the NPR–A, focusing on projects located relatively near existing permanent infrastructure with well-understood environmental effects. It consolidates multiple approvals into a single coordinated review, requires all environmental compliance information up front, and sets firm timelines to expedite decision-making. The rule will be supported by a detailed EIS that evaluates the foreseeable impacts of qualifying projects, eliminating the need for repeated project-specific NEPA analyses. Overall, it aims to provide a predictable, efficient approval framework while maintaining appropriate protection for surface resources, subsistence, and environmental values.

As outlined above, the environmental review process has routinely been unpredictable, redundant, and excessively time consuming, with uncertain outcomes for the applicant and agency alike. Therefore, the logical focus of an effort at overall process improvement should be on streamlining and reducing redundancy in the environmental review process, leading to less regulatory burden and more predictable outcomes, while informing the decisionmaker of the environmental consequences of the action and maintaining compliance with the NPRPA, including necessary and appropriate mitigation measures, and other applicable law. The proposed rule would create a single, coordinated review process for qualifying production infrastructure located within 25 miles of existing permanent oil and gas infrastructure in the NPR–A, allowing applicants to proceed directly to submitting applications for permits to drill, ROWs, and associated authorizations. This 25-mile criterion applies to any permanent oil and gas infrastructure as defined in this rule, including infrastructure constructed after the rule is finalized. By allowing future infrastructure to serve as an anchor for streamlined review (whether that infrastructure qualified under this rule or underwent its own standalone NEPA and permitting processes), the rule enables a gradual westward progression of development from existing NPR–A facilities, without limiting eligibility only to infrastructure analyzed in prior NEPA documents.

This action responds to the Petition requesting a uniform, predictable process for development projects that share common, well-studied characteristics with existing NPR–A infrastructure. The proposed rule is supported by decades of environmental review and mitigation experience in the NPR–A. It has been developed in parallel with and will be analyzed by an EIS evaluating detailed information regarding the potential effects of the rule and the qualifying development activities expected to be authorized under its streamlined permitting process. The proposed rule also draws on the extensive analysis conducted in the Willow MDP and its accompanying EIS, which together represent the most comprehensive evaluation of development effects in the NPR–A to date. In addition, the 2025 IAP provides updated planning guidance, Required Operating Procedures (ROP), and surface-resource protections that further inform the environmental baseline supporting this predictable permitting framework.

The defined criteria for projects that may qualify for the streamlined permitting process in the proposed rule is intended to limit the application of this rule to projects that share common, well-studied characteristics and that are located adjacent to existing NPR–A infrastructure. By doing so, the BLM intends to tailor the scope of the environmental analysis supporting the proposed rule to those types of projects for which the BLM can better predict the potential environmental impacts in a manner that lends itself to a more detailed and specific environmental analysis than is available through an IAP.

In drafting the proposed rule, the BLM maintained the streamlined permitting concept suggested in the Petition but included additional safeguards and agency oversight. Compared to the Petition, the BLM's version adds stronger environmental and subsistence protections, clarifies Federal discretion in approving or modifying permits, and incorporates additional compliance requirements. Overall, the BLM proposal offers a faster, more predictable process than the current regulations while maintaining protections for land, wildlife, subsistence, and local communities. Additionally, the Petition requested that the BLM amend 43 CFR part 3160 (Onshore Oil and Gas Operations) by adding a new subpart 3166, titled ''Permitting Procedures for Production Sites in the National Petroleum Reserve in Alaska.'' The BLM decided instead to amend the regulations at 43 CFR part 3130, ''Oil And Gas Leasing: National Petroleum Reserve,'' to add a new subpart 3139, entitled ''Streamlined Permitting Procedures for Production Sites in the National Petroleum Reserve in Alaska.'' Since part 3160 contains nationwide onshore operating regulations that apply broadly across all BLM-managed oil and gas areas, the BLM decided that this proposed rule more appropriately aligned with part 3130, as it is the regulatory framework that specifically governs oil and gas activities in the NPR–A.

The BLM will also comply with consultation requirements under ESA section 7 with the U.S. Fish and Wildlife Service and the National Marine Fisheries Service and NHPA section 106 with Alaska's State Historic Preservation Office. The EIS supporting this proposed rule will also include the subsistence evaluation and hearing procedures required under section 810 of ANILCA. The intent is that the proposed rule will identify requirements that would allow qualified production sites to comply with all applicable environmental compliance statutes. Because the EIS will still be under development when the NPRM is published, the BLM will release draft Chapters 1 and 2 to provide the public a meaningful opportunity to review the purpose and need, the range of alternatives, and the analytical framework that will guide the environmental review. These chapters contain the elements which could be adjusted based on comment and so directly influence the scope of the rule;

they describe the framework that the BLM will use to evaluate potential environmental impacts, subsistence considerations, and resource protections under the NPRPA. Chapters 3 and 4, which will be part of the Final EIS will address affected environment, environmental consequences, cumulative effects, required consultations, and responses to public comment. Although those later chapters will not be available during the NPRM comment period, they will apply established methods and data sources routinely used in NPR–A development analyses and will not introduce new concepts essential for understanding the proposed rule. By making the early chapters public at the NPRM stage and clearly describing the topics that will be addressed in later chapters, the BLM ensures that commenters have sufficient context to provide informed input while the agency continues developing the remaining EIS components.

The BLM encourages commenters to review the proposed rule and the draft EIS chapters together and to identify any conditions, restrictions, or requirements the BLM should consider as it refines both the EIS and the regulatory text. The BLM will publish the proposed rule and draft EIS Chapters 1 and 2 simultaneously and will accept comments on both, but comments will be collected separately. Comments on the proposed rule should focus on the regulatory framework and be submitted at *www.regulations.gov* through the process detailed in this preamble (see **ADDRESSES** earlier). Comments on the draft EIS chapters 1 and 2 should address the alternatives, scope of analysis, and potential environmental concerns the BLM should consider as it completes the environmental review process and be submitted through the BLM's ePlanning EIS website (*https://ePlanning.blm.gov*).

The proposed rule is consistent with the NPRPA, which dedicated management of the NPR–A to oil and gas leasing, exploration, development, and production, while allowing the Secretary of the Interior to impose conditions that protect surface resources so long as they remain consistent with that primary purpose.

Additionally, the proposed rule aligns with recent national energy policy directives, including Executive Order (E.O.) 14153, *Unleashing Alaska's Extraordinary Resource Potential,* and E.O. 14154, *Unleashing American Energy,* which direct the DOI to streamline permitting and reduce delays for energy development projects. The NPR–A Production Site Development rule advances these directives by establishing a predictable and expedited process for reviewing production site applications, thereby reducing administrative barriers and supporting responsible development of the NPR–A's significant energy resources. Consistent with E.O.14156, *Declaring a National Energy Emergency,* the rule is designed to enhance timely access to domestic energy supplies through improved procedural efficiency. The rule also reflects the objectives of E.O.14192, *Unleashing Prosperity Through Deregulation,* by identifying targeted revisions that remove unnecessary administrative burdens while maintaining requirements needed to ensure compliance with applicable environmental statutes.

B. Section-by-Section Discussion

First, the BLM proposes to revise the title for part 3130. Currently, the heading for part 3130 is ''Oil and Gas Leasing: National Petroleum Reserve, Alaska.'' In order to better reflect statutory language and the subparts, including the addition of a new subpart 3139 for the streamlined permitting procedures for production sites, the BLM is proposing to revise the heading of part 3130 to state, ''Oil and Gas Leasing Program: National Petroleum Reserve, Alaska.''

Second, the BLM has reflected the proposed changes to the authority section of part 3130 from the *Oil and Gas Leasing* proposed rule, 91 FR 38084 (6/24/2026), which would remove the citation to FLPMA in the authority statement. As background, E.O. 14270, *Zero-Based Regulatory Budgeting To Unleash American Energy,* directs the BLM to incorporate a sunset provision into regulations promulgated under FLPMA. While the Department's oil and gas leasing regulations refer to FLPMA for management of the land, this part is primarily established under the NPRPA and its authority for promulgating regulations. As a result, the BLM did not include a sunset date for these regulations. The BLM also proposes to update the authority section for part 3130 to reference the full NPRPA by replacing ''42 U.S.C. 6508'' with ''42 U.S.C. 6501, *et seq.*''

The BLM proposes to add 14 sections into the proposed subpart 3139 for streamlined decisions on oil and gas development in the NPR–A. The title for this subpart would be ''Streamlined Permitting Procedures for Production Sites in the National Petroleum Reserve in Alaska.'' Under the NPRPA, the BLM intends these proposed regulations to support an expeditious program of oil and gas development in the NPR–A, while still protecting the surface resource values as appropriate and consistent with that overriding purpose of the NPRPA.

The following discussion addresses each section of the proposed new subpart 3139.

Section 3139.1 Purpose

The BLM proposes this section to clearly identify the purpose of the new subpart. This provision is intended to inform readers that the proposed regulations in this subpart would establish a streamlined permitting process specifically for qualifying oil and gas sites, as well as associated ROWs, within the NPR–A. By including this statement of purpose, the BLM aims to ensure that the scope and application of the subpart are transparent and easily understood.

Section 3139.2 Objective

The BLM proposes this section to clearly articulate the objective of the new subpart. Consistent with the NPRPA, the objective of this rule is to promote orderly and efficient energy production from Federal oil and gas leases within the NPR–A. At the same time, the BLM must appropriately mitigate adverse effects on surface resources and subsistence activities. Therefore, this section specifies that development conducted under this subpart would be subject to necessary or appropriate conditions and restrictions designed to minimize such impacts. Clearly stating the objective ensures transparency regarding the intent and scope of the proposed regulations.

Section 3139.3 Definitions

The BLM proposes to include several definitions in this section to ensure clarity and consistency in the application of this subpart. In addition to the definitions already established in 43 CFR parts 2880, 3130, and 3160, this proposed rule adds definitions for ''Applicant,'' ''Approval,'' ''Integrated activity plan (IAP),'' ''Pad,'' ''Permanent oil and gas infrastructure,'' ''Production site,'' and ''Required operating procedure (ROP).''

The proposed definition of ''Applicant'' would clarify that only an NPR–A leaseholder or a designated operator may apply for an approval under this subpart. This ensures that applicants would have an existing legal interest and operational responsibility for Federal oil and gas development within the NPR–A.

The proposed definition of ''Approval'' would describe the BLM's authorization of the construction and operation of a production site. Depending on the project, an approval may consist of one or more APDs (with an associated surface-use plan of operations), one or more ROW grants, or both. This definition is intended to streamline the permitting process by allowing applicants to pursue combined or multiple approvals under a single regulatory framework.

The proposed definition of ''Integrated activity plan (IAP)'' would describe the type of land use management plan developed by the BLM to guide the appropriate management of BLM-administered lands and minerals within the NPR–A. As discussed above, the Fiscal Year 1981 Appropriations Act exempted management of the NPR–A section 202 of FLPMA (43 U.S.C. 1712), which requires the BLM to prepare resource management plans to guide management of public lands. Because of that exemption and that the NPRPA is a dominant-use statute, the IAP is not developed as a resource management plan and does not consider sustained yield and multiple use. While the IAP analyzes a range of possible future BLM management practices for NPR–A in a manner similar to that done in a resource management plan and is conducted consistent with NEPA regulations, it historically addresses a narrower range of management than a FLPMA resource management plan (*e.g.,* it makes no decisions on opening lands to hard rock or coal mining because the lands within the Petroleum Reserve are withdrawn from those uses). This definition is intended to be consistent with the term historically used in past IAPs, including the definition used in the glossary of the current IAP on page 9.

The proposed definition of ''Pad'' is intended to be the common term used to describe the location upon which an operator can drill wells in the NPR–A. This proposed definition is consistent with the term ''pad'' used in the glossary of the current IAP on page 5.

The proposed definition of ''Permanent oil and gas infrastructure'' would describe the facilities that establish the geographic parameters to allow applications to qualify for submission under this proposed rule in 43 CFR 3139.4(b). In crafting this definition, the BLM sought to ensure that only enduring, pad-based production facilities serve as anchors for proposed production sites. To qualify, these facilities would remain in place for more than one winter season and would be integral to ongoing production operations. For roads, the BLM would anticipate that only roads or pipelines connected to producing pads would qualify based upon the language that the roads would be ''supporting ongoing production activities.'' For example, an applicant could not propose three separate 25-mile roads to stretch 75 miles into the NPR–A without also including the construction of pads and drilling of wells. The definition intentionally excludes facility types that are temporary, seasonal, or otherwise outside the scope of the development footprint for the pad and supporting transmission lines or roads. This definition would exclude the following: material sites such as sand and gravel, exploration wellheads, seawater treatment plants, ice roads, ice pads, and over-summering ice pads for exploration purposes—even when pads are designed for use in successive winters. These exclusions would reflect the BLM's determination that such features do not exhibit the permanence, functional characteristics, or environmental profile necessary to define the established production corridors and developed nodes on which this rule relies. By limiting ''permanent oil and gas infrastructure'' to production pads, production facilities, pipelines, and certain all-season gravel road connections, the definition would support a consistent application of the 25-mile eligibility criterion and would reinforce the rule's focus on authorizing development only when environmental conditions, operational impacts, and mitigation strategies are well understood and appropriately bounded.

The proposed definition of ''Production site'' would identify the types of infrastructure that may qualify for streamlined review under this rule. A production site would include the facilities and infrastructure necessary to produce and transmit Federal oil and gas resources to market, such as gravel pads and roads, wells, and pipelines. Although the term ''Production site'' may appear to refer solely to facilities directly involved in oil and gas production, the BLM intentionally defines the term more broadly to include roads, pipelines, and other infrastructure necessary to transmit production to market. This approach aligns with existing BLM permitting practices, in which an APD commonly includes associated roads and pipelines located on the lease or unit. Retaining the term ''Production site'' therefore provides consistency with established regulatory usage while ensuring that the streamlined approval process applies to the complete footprint required to support production activities. The BLM is requesting comments on changes to the production-site definition that may allow broadening or tightening the production-site definition to ensure the definition is appropriate for the streamlined approval process proposed under this rule.

Finally, the proposed definition of ''Required operating procedure (ROP)'' would mean the identified requirements in the IAP that must be carried out during proposal implementation and is based on laws, regulations, E.O.s, BLM planning manuals, policies, instruction memoranda, and applicable planning documents. The BLM derived this proposed definition from the term ROP used in the glossary of the current IAP on page 14.

Section 3139.4 Qualified Production Sites

The BLM proposes this section to identify the criteria that an application must meet to qualify as a production site eligible for streamlined review under this subpart. These criteria are designed to ensure that activities processed under this rule fall within the scope of development analyzed in the EIS and other environmental reviews and consultations conducted in conjunction with this rulemaking. The criteria will be informed by the public comments received on the proposed rule and the draft EIS Chapters 1 and 2. By establishing clear eligibility requirements, the BLM intends to confirm that proposed activities have been sufficiently analyzed to meet the agency's obligations under applicable environmental statutes.

Paragraph (a) would require that an application meet the definition of ''Production Site'' in § 3139.3. This would ensure that only the types of development contemplated in the EIS may be considered under this proposed streamlined process.

Paragraph (b) would require that the application demonstrate that the entire location of the production site is located within 25 miles of existing permanent oil and gas infrastructure. In evaluating this distance, the BLM considered current lease holdings and found that a 25-mile limit would allow five lessees to qualify under this subpart, compared to only three lessees at a 15-mile limit. The BLM selected 25 miles to ensure that the streamlined permitting process is not initially limited to only a few operators, while still focusing development in areas where environmental conditions and impacts are well understood and where permanent, year-round roads and pipelines already support ongoing production. To provide clarity and ensure consistent application of this criterion, the BLM intends the 25-mile measurement to begin at the outer edge of existing permanent oil and gas infrastructure, such as the edge of a production pad or the edge of an all-season gravel road connected to year-round pipelines. The entire footprint of the proposed production site must fall within this 25-mile boundary. This approach would ensure that qualifying projects remain tightly linked to established, year-round infrastructure where environmental conditions and impacts are well understood. The BLM would not consider legacy well locations as ''permanent oil and gas infrastructure.'' Permanent oil and gas infrastructure would only include locations that are connected to year-round roads and pipelines. This limitation would focus streamlined permitting on areas where environmental conditions and impacts are well understood and where development can occur with reduced incremental disturbance. The BLM requests comment on whether the 25-mile limitation should be expanded or reduced, including how any adjustment would affect environmental impacts and operational flexibility or whether paragraph (b) should be adjusted to include only the nearest point of the project.

Paragraph (c) would require that an application includes either wells or infrastructure necessary to transport production from existing or proposed wells. This requirement would limit the use of the streamlined process to projects tied directly to oil and gas production. The BLM could potentially expand this paragraph to specify components that would not be considered a part of production sites, such as runways for airplanes or housing for workers. The BLM requests comments related to this section on if and how the definition of production site should be narrowed or broadened to support streamlined decision making in the NPR–A under this proposed rule.

Paragraph (d) would clarify that production sites located within lands designated as No Surface Occupancy (NSO) in the applicable IAP are generally not eligible for streamlined permitting of surface infrastructure, except for NSO areas where essential road and pipeline crossings are allowed in the IAP. The IAP provides the management framework for surface-resource protections and land allocations in the NPR–A, including NSO designations. Because NSO areas prohibit permanent surface-disturbing infrastructure, development proposed within those areas would not meet the criteria for predictable, well-understood effects that form the basis of this streamlined permitting process. Projects within NSO lands therefore remain subject to standard permitting and project-specific NEPA review, outside the scope of this rule's coordinated and expedited procedures. For those lands closed to new infrastructure except for essential roads and pipeline crossings under the IAP, the BLM would allow roads and pipelines to be located in those lands and be permitted under the proposed rule. The BLM will verify eligibility by comparing this spatial information in the complete APD or complete ROW application to the official NSO boundaries using current IAP maps and geospatial datasets maintained by the BLM Alaska State Office.

The proposed rule anticipates that § 3139.4 would establish a set of objective criteria that applicants must satisfy for a production site to qualify under subpart 3139. The existing criteria in the regulatory text will be refined in response to the environmental impact parameters, resource considerations, and project design elements evaluated in the EIS being prepared in support of this rulemaking. The criteria could include items such as confirming proximity to existing permanent infrastructure, verifying that proposed facilities match the types of development modeled in the EIS, and documenting that anticipated impacts remain within the bounds evaluated for the rule. The BLM is also contemplating limiting the number of facilities that could be approved under this rule or limiting production sites that qualify under this rule to those proposed on lands outside special areas in the NPR–A. As the BLM develops the EIS analysis, it will refine the criteria that may be used to determine which proposed projects will qualify under the rule to ensure that qualifying production sites remain within the scope of impacts evaluated for the rule and that no new circumstances or potential effects fall outside the bounds considered in the EIS. The BLM requests comment on this criteria-based approach; whether additional safeguards or criteria should be incorporated to improve clarity and predictability. The purpose of these criteria would be to identify and address potential permitting challenges early in the process, improving efficiency while ensuring environmental and subsistence protections are maintained. The BLM is also soliciting comments on whether there are other limitations that should be placed on applications or development under this rule.

Section 3139.5 BLM Review and Approval of a Production Site

The BLM proposes this section to establish a clear, predictable, and streamlined process for reviewing and approving production-site applications under this rule. This section would set firm timelines for the BLM's initial review and completeness determinations, applicant response periods, and issuance of a decision by the BLM to ensure that qualifying projects would provide applicants with greater certainty while maintaining the BLM's ability to verify that proposed production sites meet the proposed definition in §§ 3139.3 and 3139.4 and comply with applicable environmental and operational standards.

Paragraph (a) would require an applicant to clearly request review under subpart 3139 when submitting an APD or a ROW application. The BLM anticipates that applicants would identify this request prominently on the face of the application to ensure that BLM staff would promptly recognize the applicable review process while still receiving all information required for a complete submission.

Paragraph (b) would require the BLM to review each application to determine whether it meets the proposed definition of a ''Production site'' in § 3139.3, qualifies under proposed § 3139.4, and is complete under proposed § 3139.6. Under paragraph (c), if any of these criteria are not met, the BLM would be required to notify the applicant in writing within 21 days of receipt of the application. The BLM would provide the applicant with the specific grounds of disqualification and each item of missing information. This early screening step would help ensure that only eligible projects proceed into the streamlined approval process.

Paragraph (d) would require an applicant to submit the missing information within 30 days of receiving the BLM's notification that the application is incomplete. If the applicant does not provide the required information within that timeframe or request an extension of time within 30 days, the BLM would return the application unapproved. The applicant may resubmit a new application, which would restart the review timeline.

Paragraph (e) would require the BLM to issue an approval, or an approval with conditions, within 60 days of receiving a complete application. In the event of a conflict between this 60-day timeframe and any regulatory timeframe associated with individual components of a complete application that provides a shorter timeframe, this 60-day timeframe will prevail. As described previously, depending on the project, an ''approval'' may consist of one or more APDs (with an associated surface-use plan of operations), one or more ROW grants, or both. Once an application satisfies the criteria in this subpart, the BLM's decision would be limited to issuance of approval or an approval with conditions. The BLM requests comment on whether this timeframe is appropriate. Although a complete application may meet the proposed procedural requirements of § 3139.6, the BLM would still be required to verify that the project qualifies as a production site under §§ 3139.3 and 3139.4. In some cases, this could leave only a short period to address un-qualified production site-related issues after the applicant responds to an incompleteness notification. Establishing a full 60-day period would provide the BLM with sufficient time to conduct a review, confirm eligibility, and ensure that the proposed production site meets the proposed technical and environmental parameters contemplated under this proposed streamlined process.

Finally, paragraph (f) would clarify that, in issuing approvals under this section, the BLM would comply with existing regulatory requirements at existing §§ 3162.3–1(g), 2804.25, and 2884.20(a) through (c). This would ensure consistency with established procedures governing APDs and ROWs and would reaffirm that the streamlined process under subpart 3139 would not replace or diminish these existing obligations. Instead, this provision would integrate the streamlined decision-making structure into the broader regulatory framework that governs on-the-ground development activities.

Section 3139.6 Contents of a Complete Application

The BLM proposes this section to clearly define the required information for a complete application under subpart 3139. The BLM would not require applicants to submit additional information beyond the requirements of this section. A complete application is essential for the BLM to determine whether a proposed production site meets the eligibility criteria in proposed § 3139.4 and complies with existing applicable environmental and operational standards. If an application were to lack one or more required elements, the BLM would notify the applicant and provide 30 days to supply the missing information. If the applicant does not respond within that timeframe, the BLM would return the application unapproved. This approach would ensure efficient review while maintaining the rigor necessary to support responsible development in the NPR–A.

Paragraph (a) would require the application to identify the size and location of the proposed gravel pad. Although this information is already submitted under existing APD and ROW requirements, restating it in proposed subpart 3139 would ensure that it is prominently included for the BLM's initial completeness review.

Paragraph (b) would require the applicant to identify the anticipated number of wells to be drilled from the proposed pad. While the BLM could determine this from submitted APDs, including it directly in the subpart 3139 application ensures that the agency can efficiently evaluate the scope of the proposed production site.

Paragraph (c) would require the application to demonstrate compliance with the current NPR–A IAP, including the ROPs and the conditions and restrictions to mitigate adverse impacts in §§ 3139.9 through 3139.14. The application would only need to comply with the NPR–A IAP in effect when the application is submitted. This would ensure that any proposal submitted under the proposed streamlined process would be fully aligned with the environmental protections and operating standards identified through the IAP process. The BLM anticipates that future IAPs may modify these requirements and has therefore proposed flexible incorporation language at § 3139.9. The BLM requests public comments on whether subpart 3139 should be limited to only applications made under the 2025 IAP and include a sunset provision based upon the 2025 IAP or whether subpart 3139 should also account for future IAPs as well.

Paragraph (d) would require applicants to submit all underlying APDs and ROW applications, as applicable. These existing requirements would remain fully in effect under subpart 3139, and the streamlined process could not proceed without complete APD or ROW submissions under 43 CFR subparts 2804, 2884, 3162, and 3171. The BLM identified the requirement to add compliance with subpart 3171 to ensure the applicant complies with all downhole requirements set by the BLM for well construction and integrity. This proposed rule does not address the downhole design of wells. Instead, the complete application under § 3139.6(d)(1) must include a complete APD. The APD would not be deemed complete if there are outstanding concerns with the well's design or construction.

Paragraph (e) would ensure that applicants provide sufficient data for the completion of the cultural resource review and consultation process required under section 106 of the National Historic Preservation Act before submitting an application. During this early completion of the section 106 process, the applicant and their cultural resource consultants would work with the BLM to secure permits and authorizations, define the APE, conduct field surveys, consult with the SHPO and federally recognized Tribes, identify historic properties, and, if necessary, finalize agreement documents required to mitigate adverse effects to historic properties. Conducting and completing the section 106 process prior to submitting an application would allow the BLM to comply with heritage resource statutory requirements without delaying the permitting timeline in the proposed rule. This would support the rule's broader goal of streamlining agency review and decision-making by ensuring that all necessary information is available, and statutory requirements are finalized, at submission. This would reduce the need for delays owing to revisions and would ensure that development proceeds in compliance with Federal historic preservation requirements.

Paragraph (f) would require applicants to provide sufficient data for the BLM to complete a Plan of Action under the Native American Graves Protection and Repatriation Act (NAGPRA) prior to filing an application, if the proposed project is likely to result in a discovery of Tribal ancestral human remains or cultural items. Oil and gas development in the NPR–A may encounter NAGPRA human remains and cultural items. A Plan of Action (POA) is required for the disposition of all NAGPRA materials that have been encountered on Federal lands since 1990, whether prepared ahead of time or following an inadvertent discovery. If a POA is not prepared ahead of time, construction and development can be delayed until completion of regulatory-required consultations and the signing of a POA. Completing a POA prior to submitting an application would ensure that these statutory and regulatory requirements are met and provides clarity upon the inadvertent discovery of NAGPRA materials for applicants, the BLM, and affected Tribes. This requirement would support the proposed rule's goal of streamlining review and preventing delays during construction, and it strengthens the

Federal Government's commitment to consultation and co-stewardship with Tribes.

The BLM proposes adding paragraph (g) to ensure applicants supply the biological information and survey data needed to ensure compliance with section 7 of the Endangered Species Act. Completion of wildlife and habitat surveys prior to application submittal would allow the BLM and the U.S. Fish and Wildlife Service to evaluate potential effects to listed species and critical habitat more quickly and with greater accuracy. This requirement would align with the rule's purpose of creating a more predictable permitting process by ensuring that applications include adequate environmental information at the outset. Providing this information early would reduce delays, would support conservation of threatened and endangered species, and would allow the BLM to make decisions that fully comply with ESA obligations.

The BLM considered requiring applicants to demonstrate completion of the MMPA process to obtain a letter of authorization for incidental take. However, the BLM elected to not include MMPA since it is an applicant driven process. The Fish and Wildlife Service has a 5-year MMPA incidental take regulation that covers the area and many of the operators and their activities in the NPR–A. The BLM requests comments on whether the BLM should propose a paragraph, similar to paragraph (g) for MMPA.

Finally, the BLM requests comment on whether additional elements should be included to ensure that applications submitted under this rule contain sufficient environmental, technical, and operational information and the appropriate timing for consultation. For example, specific surveys or monitoring data might warrant inclusion as part of the complete-application requirements to support the streamlined review process.

Section 3139.7 Effect of Approval

The BLM proposes this section to clarify the regulatory effect of an approval issued under subpart 3139. This section would explain how an approval functions within the broader legal framework that governs oil and gas development in the NPR–A, including how it would interact with the existing regulations in part 2800, *Rights-of-Way Under the Federal Land Policy And Management Act;* part 2880, *Rights-of-Way Under the Mineral Leasing Act;* part 3160, *Onshore Oil and Gas Operations;* and subpart 3171, *Approval of Operations.* In addition, this section would explain the process for modifying an approved production site. Overall, § 3139.7 is intended to provide applicants with regulatory certainty while ensuring that the BLM continues to meet its environmental and operational oversight responsibilities.

Paragraph (a) would provide that an approval under § 3139.4 would obviate the need for additional approvals of a production site under the NPRPA and under 43 CFR parts 2800, 2880, and 3160, and subpart 3171. This paragraph is intended to confirm that all necessary authorizations for constructing and operating the production site would be encompassed within the approvals issued under this subpart. Therefore, by consolidating these authorities, the BLM would establish a unified permitting mechanism while maintaining compliance with the applicable statutory framework.

Paragraph (b) would allow an applicant to modify a production site by following the same procedures used to obtain the initial approval under proposed § 3139.4. This would ensure that modifications would undergo the same qualification and completeness review as the original application before benefiting from the streamlined process. The paragraph would also complement § 3139.8(d), which requires that any changes to an approved APD or ROW must still be submitted to and approved by the BLM as required under parts 2800, 2880, and 3160. Therefore, the applicant must request changes to APD and ROW approvals as required by the other parts; however, the applicant would still need to comply with the requirements in subpart 3139.

The EIS being prepared in support of this rulemaking will establish an analyzed design envelope that encompasses the reasonably foreseeable environmental effects associated with constructing and operating qualified production sites in the NPR–A. The BLM has already initiated preparation of the EIS, as announced in the Notice of Intent published in the **Federal Register** on May 19, 2026 (91 FR 29155). Paragraph (c) would clarify that when the BLM determines under § 3139.5 that an application qualifies under this subpart, the agency would be confirming that the anticipated impacts of the proposed production site fall within that analyzed design envelope. Because the EIS would fully evaluate those effects, no additional project-level NEPA analysis would be required for the BLM to issue its approval. This approach is intended to provide predictability and efficiency while ensuring that the scope of the EIS is sufficiently broad to encompass all activities eligible under the rule.

The BLM is also requesting comments on whether certain provisions in the existing regulations under parts 2800, 2880, 3160, or 3170 should not apply. For example, § 3162.3–1(h) establishes specific timelines and procedural requirements for reviewing APDs. These procedural requirements may conflict with the completeness and approval process created in proposed §§ 3139.5 and 3139.6, which would include defined timeframes (21 days, 30 days, and 60 days) tailored specifically for the streamlined NPR–A production site review process. The timeframes within subpart 3139 would supersede any conflicting timeframes in the regulations; therefore, the BLM does not believe the timeframes in § 3162.3–1(h) apply under this proposed rule; however, we request comments on whether that should be specified in the final regulatory text.

Finally, the BLM is soliciting comment on whether this rule should include a specific limit on the number of applications that may be approved and whether there are any other limitations that should be placed on the scope or extent of applications or development approved under this rule.

Section 3139.8 Conditions on Approvals

The BLM proposes this section to clarify the conditions that apply to all production sites approved under this subpart. These conditions are intended to ensure that development authorized through the streamlined permitting process remains consistent with the underlying lease terms, the ROPs and stipulations in the IAP, and other environmental protections and operational standards that apply in the NPR–A. This section would also establish a timeframe for initiating construction and outlines how the BLM may apply additional conditions of approval or require subsequent modifications. Together, these provisions would ensure that while the permitting process would be streamlined, the BLM would maintain adequate oversight to minimize environmental impacts and ensure compliance with governing regulations.

Paragraph (a) would require that all approved production sites comply with applicable lease terms, lease stipulations, and the relevant ROPs from the 2025 IAP. These instruments establish the baseline environmental, subsistence, and operational protections that apply to oil and gas development in the NPR–A. Although proposed subpart 3139 would streamline the approval process for production sites, it would not alter these foundational requirements. This provision would ensure that the protections and planning framework already established through the NPR–A leasing program and the IAP remain applicable to any development authorized under this subpart.

Paragraph (b) would require construction of an approved production site to begin no later than 4 years after the date of approval, with construction defined as the first day of construction activity—occurring within the boundaries of the NPR–A—associated with installation of the gravel pad or the access road. The BLM proposes a 4-year period because it matches the standard term for an approved APD at 43 CFR 3171.14(a). This would provide consistency between the existing APD framework and the streamlined approval process that would be established under this proposed subpart. This requirement would ensure that authorized development proceeds in a timely manner. A defined start-construction window would help the BLM ensure that site-specific environmental conditions have not materially changed since approval. If construction were delayed beyond this period, the BLM may need to reevaluate the project before it could proceed. The BLM also requests comment on the BLM's definition as to the start of construction, which the proposed rule currently defines as ''the first day of activity, occurring within the boundary of the NPR–A, to construct the pad or the access road.''

Paragraph (c) would clarify that the BLM may apply site-specific conditions of approval (COAs) to APDs and site-specific terms and conditions to ROWs where necessary to mitigate surface or downhole impacts associated with the production site. This would reflect longstanding BLM practice under parts 2800, 2880, and 3160, under which COAs and ROW terms are tailored to address environmental, technical, or subsistence considerations unique to each project. Although subpart 3139 would streamline the decision-making process, it would not limit the BLM's ability to impose appropriate mitigation measures. Instead, this provision would ensure that the streamlined process would incorporate the same protective tools normally available under the BLM's existing authorities.

Paragraph (d) would require that any changes to an approved permit be requested and approved by the BLM in accordance with existing regulatory requirements in parts 2800, 2880, and 3160. This provision would reinforce that modifications to an APD or ROW granted under subpart 3139 would still be required to follow established procedures for amending BLM-issued authorizations. While applicants could seek modifications through the streamlined path in proposed § 3139.4, this provision would clarify that the BLM retains full authority to review and approve changes through standard regulatory processes whenever necessary. This would help maintain consistency between subpart 3139 approvals and the BLM's broader permitting and operational oversight responsibilities.

Section 3139.9 Conditions and Restrictions To Mitigate Adverse Effects

The BLM proposes this section to specify that the applicant would comply with the IAP's ROPs and identify the overarching conditions and restrictions that all applicants would be required to follow to mitigate adverse effects from oil and gas development in the NPR–A. The BLM identified additional mitigation measures from the conditions applied to development under the Willow MDP and other requirements applied to existing development within the NPR–A. The BLM plans to further analyze the rule conditions and restrictions in the EIS supporting this rule, and the BLM will most likely refine the conditions and restrictions further based upon public comments received on the draft Chapters 1 and 2 of the EIS and on the proposed rule. Together, these measures would satisfy the mitigation directives in sections 6504(a) and 6506a(b) of the NPRPA, including the direction that oil and gas exploration and development ''be conducted in a manner which will assure the maximum protection of such surface values to the extent consistent with the requirements of this Act for the exploration of the reserve.''

In addition, the BLM proposes to incorporate the existing ROPs from the IAP with § 3139.6(c) and 3139.9. Therefore, to remove duplication, the BLM did not include the ROPs in the proposed sections on conditions and restrictions to mitigate adverse effects, even though NPR–A lessees and designated operators would still need to comply with the ROPs from the IAP.

This section would also establish a process through which the authorized officer may approve deviations or exemptions where appropriate. Consistent with similarly motivated longstanding practice under the IAP framework, this would ensure that the rule would remain responsive to technological advances, site-specific conditions, and the evolving environmental context of the NPR–A. The applicant would need to request an exemption or deviation from the conditions and restrictions for the BLM to consider. The BLM proposes three specific bases for such flexibility. Under proposed paragraph (a), the BLM could grant an exemption or deviation if a substitute measure would be equally or more effective in mitigating adverse effects. This provision would allow the BLM to adopt improved mitigation measures as new data or community input becomes available. Under proposed paragraph (b), the BLM may approve a deviation if technological advancements render a specific condition unnecessary. Under proposed paragraph (c), the BLM may grant an exemption when the condition is not applicable to the proposed production site. The BLM would make a decision on these requests within 30 days. This framework would provide regulatory stability while allowing the BLM to apply the most current and effective mitigation tools available.

The BLM reviewed the Petition and elected to reorganize this last section into multiple themed sections to boost clarity. The BLM requests comments on how it should organize the conditions and restrictions. The BLM organized the proposed rule's conditions and restrictions to focus on development; however, the BLM also considered organizing the conditions and restrictions based upon the surface resource values being protected by each condition and restriction. Since some conditions and restrictions would protect multiple surface resource values, the BLM elected to organize the conditions and restrictions as proposed.

Finally, the BLM requests feedback on whether the proposed requirements sufficiently address site-specific environmental, cultural, and subsistence considerations. Should additional conditions or restrictions beyond those outlined in the Willow MDP provisions be incorporated into this rulemaking? Does the BLM need to consider other conditions or restrictions to ensure maximum protection of Special Areas or other particularly sensitive resources? Ultimately, the BLM seeks input on any further measures that should be evaluated to enhance safeguards and minimize impacts associated with production site development.

Section 3139.10 General Conditions and Restrictions

The BLM proposes the following general conditions and restrictions to ensure that projects approved under this proposed section effectively mitigate adverse effects and support responsible development in the NPR–A. The BLM based many of the conditions and restrictions identified in this provision on the design features in the Willow MDP's 2023 record of decision, which can be found on the BLM's ePlanning website at *https://eplanning.blm.gov* under the NEPA Number of ''DOI–BLM–AK–0000–2018–0004–EIS.'' In the Willow MDP, the BLM adopted many applicant-proposed design features as part of its decision. Design features are impact-reducing actions or designs that the proponent committed to in their permit applications and supporting documents. After review, the BLM decided to carry forward these specific design features into the proposed rule.

In addition to the requirements identified here, all production sites must also comply with the IAP's ROPs, which apply independently and are not repeated in this section. These proposed provisions would reflect the agency's experience managing development in the NPR–A and are designed to address predictable environmental and subsistence-related concerns in a clear, structured manner.

The BLM proposes to include paragraph (a) to protect cultural resources. The BLM identified this requirement in Willow MDP Design Feature No. 78.

The BLM proposes to include paragraph (b) to protect wetlands, vegetation, birds, terrestrial mammals, and marine mammals. The BLM identified this requirement in Willow MDP Design Feature No. 21.

The BLM proposes to include paragraph (c) to protect birds and terrestrial mammals. The BLM identified this requirement in Willow MDP Design Feature No. 50.

The BLM proposes to include paragraph (d) to protect birds and terrestrial mammals. The BLM identified this requirement in Willow MDP Design Feature No. 55.

The BLM proposes to include paragraph (e) to protect cultural and paleontological resources. The BLM identified this requirement in Willow MDP Design Feature No. 65.

The BLM proposes to include paragraph (f) to protect subsistence and sociocultural systems. The BLM identified this requirement in the IAP ROPs H–1 and H–4 and Willow MDP Design Feature No. 68 and 69. The BLM seeks comment on how best to structure the process to ensure applicants effectively engage affected communities, Tribes, and Alaska Native corporations within the North Slope.

The BLM proposes to include paragraph (g) to address local community concerns. The BLM identified this requirement in Willow MDP Design Feature No. 75. The BLM broadened the statement in the rule to ensure it could apply across the NPR–A for all local community residents.

The BLM proposes to include paragraph (h) to protect subsistence and sociocultural systems. The BLM identified this requirement in Willow MDP Design Feature No. 77. The BLM proposes to require permittees under this rule to provide access to NPR–A leaseholders and designated operators to facilitate future development across the NPR–A.

The BLM proposes to include paragraph (i) to ensure coordinated use of transportation corridors and other production-related infrastructure, thereby reducing surface disturbance and minimizing impacts to resources and uses within the NPR–A. Ensuring that certain oil and gas infrastructure is co-located will reduce disturbance within the NPR–A, diminishing impacts to resources and uses in the NPR–A. This paragraph would ensure that all NPR–A lessees and designated operators would collocate or share, as much as feasible, their road, pipeline, and associated infrastructure to reduce the impact of future development in the NPR–A.

The BLM welcomes public feedback on the proposed general conditions and restrictions included in this section. Are there additional measures the agency should include to further reduce impacts or improve clarity? What would be the basis or rationale for adding them? Alternatively, are any of the proposed requirements unnecessary, overly burdensome, or duplicative? The BLM requests specific comments on whether these conditions would strike the right balance between environmental protection, subsistence considerations, and operational feasibility.

Section 3139.11 Pad and Road Design

The BLM proposes the following pad and road design conditions and restrictions to ensure that projects approved under this section would effectively mitigate adverse effects and support responsible development in the NPR–A. In addition to the proposed pad- and road-design requirements identified here, all production sites would also be required to comply with the IAP's ROPs, which apply independently and are not repeated in this section. These proposed provisions would reflect the agency's experience managing development in the NPR–A and are designed to address predictable environmental and subsistence-related concerns in a clear, structured manner.

The BLM proposes to include paragraph (a) to protect soils, permafrost, gravel resources, wetlands, vegetation, birds, and terrestrial mammals. The BLM identified this requirement in Willow MDP Design Feature No. 37.

The BLM proposes to include paragraph (b) to protect soils, permafrost, gravel resources, wetlands, vegetation, birds, and terrestrial mammals. The BLM identified this requirement in Willow MDP Design Feature No. 39.

The BLM proposes to include paragraph (c) to protect wetlands, vegetation, birds, and terrestrial mammals. The BLM identified this requirement in Willow MDP Design Feature No. 43 as an outgrowth from the IAP ROP C–2.

The BLM proposes to include paragraph (d) to protect fish. The BLM identified this requirement in the IAP ROP E–5 and Willow MDP Design Feature No. 26.

The BLM proposes to include paragraph (e) to protect soils, permafrost, gravel resources, water resources, wetlands, vegetation, and birds. The BLM identified this requirement in Willow MDP Design Feature No. 27.

The BLM proposes to include paragraph (f) to protect water resources, wetlands, vegetation, fish, and birds. The BLM identified this requirement in Willow MDP Design Feature No. 23.

The BLM proposes to include paragraph (g) to protect water resources, wetlands, vegetation, and fish. The BLM identified this requirement in Willow MDP Design Feature No. 28.

The BLM proposes to include paragraph (h) to protect soils, permafrost, and gravel resources. The BLM identified this requirement in Willow MDP Design Feature No. 34.

The BLM proposes to include paragraph (i) to protect soils, permafrost, gravel resources, air quality, visual resources, water resources, wetlands, vegetation, fish, birds, terrestrial mammals, and public health. The BLM identified this requirement in Willow MDP Design Feature No. 36.

The BLM proposes to include paragraph (j) to protect soils, permafrost, and gravel resources. The BLM identified this requirement in Willow MDP Design Feature No. 42.

The BLM proposes to include paragraph (k) to protect subsistence and sociocultural systems. The BLM identified this requirement in Willow MDP Design Feature No. 72.

The BLM welcomes public feedback on the proposed pad and road design conditions and restrictions included in this section. Are there additional measures the agency should include to further reduce impacts or improve clarity? What would be the basis or rationale for adding them? Alternatively, are any of the proposed requirements unnecessary, overly burdensome, or duplicative? The BLM requests specific comments on whether these conditions would strike the right balance between environmental protection, subsistence considerations, and operational feasibility.

Section 3139.12 Pipeline and Utility Design

The BLM proposes the following pipeline and utility design conditions and restrictions to ensure that projects approved under this section would effectively mitigate adverse effects and support responsible development in the NPR–A. In addition to the pipeline- and utility-design requirements identified here, all production sites would also be required to comply with the IAP's ROPs, which apply independently and are not repeated in this section. These proposed provisions would reflect the agency's experience managing development in the NPR–A and are designed to address predictable environmental and subsistence-related concerns in a clear, structured manner.

The BLM proposes to include paragraph (a) to protect birds, wetlands, and vegetation. The BLM identified this requirement in Willow MDP Design Feature No. 9.

The BLM proposes to include paragraph (b) to protect birds. The BLM identified this requirement in Willow MDP Design Feature No. 54.

The BLM proposes to include paragraph (c) to protect birds, wetlands, vegetation, terrestrial mammals, and spill risk. The BLM identified this requirement in Willow MDP Design Feature No. 11.

The BLM proposes to include paragraph (d) to protect soils, permafrost, gravel resources, water resources, wetlands, and vegetation. The BLM identified this requirement in Willow MDP Design Feature No. 31.

The BLM proposes to include paragraph (e) to protect soils, permafrost, and gravel resources. The BLM identified this requirement in Willow MDP Design Feature No. 44.

The BLM proposes to include paragraph (f) to protect visual resources, birds, terrestrial mammals, marine mammals, and subsistence and sociocultural systems. The BLM identified this requirement in Willow MDP Design Feature No. 59.

The BLM welcomes public feedback on the proposed pipeline and utility design conditions and restrictions included in this section. Are there additional measures the agency should include to further reduce impacts or improve clarity? What would be the basis or rationale for adding them? Alternatively, are any of the proposed requirements unnecessary, overly burdensome, or duplicative? The BLM requests specific comments on whether these conditions would strike the right balance between environmental protection, subsistence considerations, and operational feasibility.

Section 3139.13 Spill Prevention and Remediation

The BLM proposes the following spill prevention and remediation conditions and restrictions to ensure that projects approved under this section would effectively mitigate adverse effects and support responsible development in the NPR–A. In addition to the proposed spill prevention and remediation requirements identified here, all production sites would also be required to comply with the IAP's ROPs, which would apply independently and are not repeated in this section. These provisions would reflect the agency's experience managing development in the NPR–A and are designed to address predictable environmental and subsistence-related concerns in a clear, structured manner.

The BLM proposes to include paragraph (a) to protect all resources. Spill prevention protects all resources the BLM manages by reducing risks to human health and safety and minimizing harmful effects to subsistence resources, fish and wildlife, and the broader surface environment. The BLM identified this requirement in Willow MDP Design Feature No. 95.

The BLM proposes to include paragraph (b) to protect all resources. Spill prevention protects all resources the BLM manages by reducing risks to human health and safety and minimizing harmful effects to subsistence resources, fish and wildlife, and the broader surface environment. The BLM identified this requirement in Willow MDP Design Feature No. 38. This would ensure that the permittees install pipeline crossings with insulation and design features, which would inhibit heat transfer to permafrost, contain fluids in the event of a pipeline leak, and provide structural integrity to the pipeline crossing.

The BLM proposes to include paragraph (c) to protect all resources. Spill remediation protects all resources the BLM manages by reducing risks to human health and safety and minimizing harmful effects to subsistence resources, fish and wildlife, and the broader surface environment. The BLM identified this requirement in the IAP ROP A–4 and Willow MDP Design Feature No. 100.

The BLM proposes to include paragraph (d) to protect all resources. Spill prevention protects all resources the BLM manages by reducing risks to human health and safety and minimizing harmful effects to subsistence resources, fish and wildlife, and the broader surface environment. The BLM identified this requirement in Willow MDP Design Feature No. 102.

The BLM proposes to include paragraph (e) to protect all resources. Spill remediation protects all resources the BLM manages by reducing risks to human health and safety and minimizing harmful effects to subsistence resources, fish and wildlife, and the broader surface environment. The BLM identified this requirement in Willow MDP Design Feature No. 106.

The BLM welcomes public feedback on the proposed spill prevention and remediation conditions and restrictions included in this section. Are there additional measures the agency should include to further reduce impacts or improve clarity? What would be the basis or rationale for adding them? Alternatively, are any of the proposed requirements unnecessary, overly burdensome, or duplicative? The BLM requests specific comments on whether these conditions would strike the right balance between environmental protection, subsistence considerations, and operational feasibility.

Section 3139.14 Operational Conditions and Restrictions

The BLM proposes the following operational conditions and restrictions to ensure that projects approved under this section would effectively mitigate adverse effects and support responsible development in the NPR–A. In addition to the operational conditions and restrictions identified here, all production sites would also be required to comply with the IAP's ROPs, which would apply independently and are not repeated in this section. These provisions would reflect the agency's experience managing development in the NPR–A and are designed to address predictable environmental and subsistence-related concerns in a clear, structured manner.

The BLM proposes to include paragraph (a) to protect wetlands and vegetation by using single season ice roads to support winter construction. The BLM identified this requirement in Willow MDP Design Feature No. 5.

The BLM proposes to include paragraph (b) to protect all resources. As ice roads and pads do not cause permanent disturbance to the permafrost, this paragraph will protect all resources in the NPR–A. The BLM identified this requirement in Willow MDP Design Feature No. 10.

The BLM proposes to include paragraph (c) to protect water resources; wetlands and vegetation; fish; birds; terrestrial mammals; marine mammals; subsistence and sociocultural systems; and public health. The BLM identified this requirement in the Willow MDP Design Feature No. 20.

The BLM proposes to include paragraph (d) to protect soils, permafrost, and gravel resources; water resources; wetlands and vegetation. The BLM identified this requirement in Willow MDP Design Feature No. 31.

The BLM proposes to include paragraph (e) to protect birds; terrestrial mammals; subsistence and sociocultural systems. The BLM identified this requirement in Willow MDP Design Feature No. 58.

The BLM proposes to include paragraph (f) to protect subsistence and sociocultural systems. The BLM identified this requirement in Willow MDP Design Feature No. 76.

The BLM proposes to include paragraph (g) to protect air quality and public health. The BLM identified this requirement in Willow MDP Design Feature No. 85.

The BLM proposes to include paragraph (h) to reduce the natural gas emissions from oil and gas facilities by requiring the use of electric solenoids or instrument air driven pneumatics. The BLM identified this requirement in Willow MDP Design Feature No. 122.

The BLM welcomes public feedback on the proposed operational conditions and restrictions included in this section. Are there additional measures the agency should include to further reduce impacts or improve clarity? What would be the basis or rationale for adding them? Alternatively, are any of the proposed requirements unnecessary, overly burdensome, or duplicative? The BLM requests specific comments on whether these conditions would strike the right balance between environmental protection, subsistence considerations, and operational feasibility.

IV. Procedural Matters

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

E.O. 12866 provides that the Office of Information and Regulatory Affairs (OIRA) within the OMB will review all significant rules. This rulemaking would result in an annual effect on the economy of $100 million or more. OIRA has determined that this proposed rule is significant under section 3(f)(1) of E.O. 12866. The Proposed Rule is expected to lead to benefits and costs through three mechanisms including reduced environmental review costs, increased development and production, and increased demand for leases. Eliminating the need to develop an EIS for individual projects is estimated to result in cost savings to either the BLM or the developer, depending on who would incur the cost of preparing the analysis. Increased supply of oil may impact the market price for oil and related products resulting in changes to consumer and producer surplus. Increased development and production resulting from the Proposed Rule is expected to result in increased production-related government revenues, which would be transfers from industry to the U.S. treasury or the State of Alaska. Greater levels of development and reduced Design Features may increase disturbance-related costs stemming from impacts on subsistence resources and public safety. Finally, the Proposed Rule would reduce costs and uncertainty for leaseholders to develop their leases. This would increase the value of current undeveloped leases and the demand for new leases in future lease sales.

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

For more detailed information, refer to the regulatory impact analysis (RIA) prepared for this proposed rule. The RIA has been posted in the docket for the proposed rule on the Federal eRulemaking Portal: *https://www.regulations.gov.* In the Searchbox, enter Docket number ''BLM–2026–0133'', click the ''Search'' button, open the Docket Folder, and look under Supporting Documents.

B. Regulatory Flexibility Act

The Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*) (RFA) requires that Federal agencies prepare a regulatory flexibility analysis for rules subject to the notice-and-comment rulemaking requirements under the Administrative Procedure Act (5 U.S.C. 500 *et seq.*) if the rule would have a significant economic impact, whether detrimental or beneficial, on a substantial number of small entities. Refer to 5 U.S.C. 601–612. Congress enacted the RFA to ensure that government regulations do not unnecessarily or disproportionately burden small entities. Small entities include small businesses, small governmental jurisdictions, and small not-for-profit enterprises.

The BLM has prepared an initial regulatory flexibility analysis to determine if this rule would result in significant economic impact on a substantial number of small entities. Small businesses that are most likely to be impacted by the Proposed Rule are those holding oil and gas leases in the NPR–A. Through a search of publicly available information and on-the-ground knowledge, the BLM estimates that six of the ten businesses holding leases in the NPR–A may be small entities according to the size standards. Identification is uncertain as employment numbers and annual receipts for some companies are unavailable. There may be indirect impacts on businesses that provide goods and services to leaseholders such as construction contractors, engineering firms, and transportation firms. The BLM identified the number of small firms operating in Alaska in several oil and gas supporting industries. In addition, five government jurisdictions in the area are small.

After an initial one-time familiarization cost, the Proposed Rule would reduce costs and time needed for approving oil and gas development projects in the NPR–A, which would benefit leaseholders and operators and could indirectly benefit small government jurisdictions. The BLM has estimated the potential economic impacts to small entities using best available information. Based on this analysis, the BLM does not expect the Proposed Rule to have a significant adverse economic impact on a substantial number of small entities, but small businesses could benefit by capturing a share of the revenue from increased production. Please refer to the RIA for more information. At this stage, the BLM does not expect there to be a significant adverse economic impact on a substantial number of small entities;

nevertheless, the BLM solicits comments from potentially affected small entities on the Initial Regulatory Flexibility Analysis. The BLM is working with SBA's Office of Advocacy to ensure that small business impacts are properly assessed and considered according to the Regulatory Flexibility Act. Please refer to the RIA for more information.

C. Unleashing Prosperity Through Deregulation (E.O. 14192)

DOI has examined this proposed rulemaking and has tentatively determined that it is consistent with the policies and directives outlined in E.O. 14192, ''Unleashing Prosperity Through Deregulation.'' This proposed rule, if finalized as proposed, would promote prudent financial management and alleviate unnecessary regulatory burdens. Therefore, the BLM expects the rule to be an E.O. 14192 deregulatory action.

D. Unfunded Mandates Reform Act (UMRA)

This proposed rule would not impose an unfunded mandate on State, local, or tribal governments, or the private sector of more than $100 million per year. The rule would not have a significant or unique effect on State, local, or Tribal governments or the private sector as there is no direct implementation of action as a result of this rule. A statement containing the information required by the UMRA (2 U.S.C. 1531 *et seq.*) is not required.

E. Governmental Actions and Interference With Constitutionally Protected Property Right—Takings (E.O. 12630)

This proposed rule would not cause a taking of private property or otherwise have takings implications under E.O. 12630. Therefore, a takings implication assessment is not required. The proposed rule would add a new permitting subpart into part 3139. The proposed provisions in this rule would not cause a taking of private property because the operations that would be subject to these rules are already subject to existing lease terms, which expressly require that subsequent lease activities must be conducted in compliance with subsequently adopted Federal laws and regulations.

This proposed rule conforms to the terms of the existing leases and applicable statutes and, as such, the rule is not a government action capable of interfering with constitutionally protected property rights. Therefore, the BLM has determined that the rule would not cause a taking of private property or require further discussion of takings implications under E.O. 12630.

F. Federalism (E.O. 13132)

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

The proposed rule would not have a substantial direct effect on the States, on the relationship between the Federal Government and the States, or on the distribution of power and responsibilities among the levels of government. It would not apply to States or local governments or State or local governmental entities. The rule would affect the relationship between operators, lessees, and the BLM, but it would not directly impact the States. Therefore, in accordance with E.O. 13132, the BLM has determined that this proposed rule would not have sufficient federalism implications to warrant preparation of a federalism assessment.

G. Civil Justice Reform (E.O. 12988)

This proposed rule complies with the requirements of E.O. 12988. Specifically, this rule:

(a) Meets the criteria of section 3(a) requiring that all regulations be reviewed to eliminate errors and ambiguity and be written to minimize litigation; and

(b) Meets the criteria of section 3(b)(2) requiring that all regulations be written in clear language and contain clear legal standards.

H. Consultation and Coordination With Indian Tribal Governments (E.O. 13175 and Departmental Policy)

The Department strives to strengthen its government-to-government relationship with Indian Tribes through a commitment to consultation with Indian Tribes and recognition of their right to self-governance and Tribal sovereignty. Further, it is the policy of the Department to recognize and fulfill its obligations to consult with ANCSA Corporations on the same basis as Indian Tribes under E.O. 13175.

The BLM evaluated this proposed rule under the Department's consultation policy and under the criteria in E.O. 13175 to identify possible effects of the rule on federally recognized Indian Tribes and Alaska Native Claims Settlement Act (ANCSA) Corporations. The NPR–A contains several communities that include Alaska Native Tribes and ANCSA Corporations and also involves a regional Alaska Native Tribal Government and a regional ANCSA Corporation. Nuiqsut is the community closest to current development in the NPR–A, that, along with the additional communities within the NPR–A of Atqusuk, Wainwright, and Utqiagvik that experience—directly or indirectly—the beneficial and adverse effects of oil and gas development.

Therefore, the BLM has provided an opportunity for consultation with Tribes and ANCSA Corporations during scoping of the Notice of Intent for the EIS and will continue to provide an opportunity for consultation with Tribes and ANCSA Corporations. The Tribes and ANCSA Corporations may request individual consultation regarding the proposed rule throughout the rulemaking process. The BLM will fully consider the views of Tribes and ANCSA Corporations in the final rule.

I. Paperwork Reduction Act

The Paperwork Reduction Act (PRA) (44 U.S.C. 3501–3521) generally provides that an agency may not conduct or sponsor and, notwithstanding any other provision of law, a person is not required to respond to a collection of information, unless it displays a currently valid OMB control number. Collections of information include any request or requirement to obtain, maintain, retain, or report information to an agency, or disclose information to a third party or to the public (44 U.S.C. 3502(3) and 5 CFR 1320.3(c)).

This proposed rule contains a new information-collection requirement that is subject to review by OMB under the PRA. OMB has approved the existing information-collection requirements contained in 43 CFR part 3130 under OMB control number 1004–0196. The proposed new information collection requirement along with the resulting public reporting burdens are outlined below.

1. New Information Collections

43 CFR 3139.5. Contents of a Complete Application Under Subpart 3139

Any applicant may request an approval by filing an APD or ROW application with BLM's regional state office in Alaska and request approval under this subpart. These requests are optional and the applicant can still apply under the existing APD (OMB Control Number 1004–0220) and/or ROW (SF–299/OMB Control Number 0596–0249). The applicant would only need to provide the new additional information if applying under the streamlined decision process in the proposed rule. The proposed new additional information for an application under § 3139.5 includes:

- the size and location of the proposed pad;
- the number of wells anticipated on the proposed pad;
- demonstrated compliance with the requirements of the current NPR–A IAP, including the required operating procedures, and compliance with the Conditions and Restrictions to Mitigate Adverse Impacts in §§ 3139.9 to 3139.14;
- any applicable information required by subparts 3162 and 3171 (OMB Control Number 1004–0220);
- any applicable information required by subpart 2884 for issuance of a pipeline ROW and subpart 2804 for any other ROW (SF–299);
- demonstration that the applicant has complied with the requirements for completing section 106 of the National Historic Preservation Act (1966, as amended; 54 U.S.C. 306108) and its implementing regulations at 36 CFR part 800;
- demonstration that the applicant has complied with the requirements for completing a Plan of Action under the NAGPRA (1990, as amended; 25 U.S.C. Chapter 32) and its implementing regulations at 43 CFR 10.4(b); and
- demonstration that the applicant collaborated with the BLM to support section 7 consultation under the requirements of the Endangered Species Act of 1973 (16 U.S.C. 1531–1544).

The above new information collection requirement would not revise information collected for an APD or a ROW. It would be additional optional information to accompany an application under subpart 3139. This additional new information will support the streamlined decision-making process outlined in this proposed rule for oil and gas development within the NPR–A.

1. Summary of Burden Changes

Currently, there are 24 annual responses, 223 annual burden hours, and $1,320 annual non-hour cost burdens approved under OMB Control Number 1004–0196. The new information collection requirements in § 3139.5 of this proposed rule are estimated to add 1 annual response and 10 annual burden hours resulting in a total of 25 annual responses and 233 annual burden hours. The non-hour cost burdens would remain unchanged.

The resulting new estimated total information collection burdens for OMB Control Number 1004–0196 are provided below.

Title of Collection: Oil and Gas Leasing: National Petroleum Reserve—Alaska (43 CFR part 3130).

OMB Control Number: 1004–0196.

Form Numbers: None.

Type of Review: Extension of a currently approved collection.

Respondents/Affected Public: Participants in the oil and gas leasing program within National Petroleum Reserve—Alaska.

Total Estimated Number of Annual Respondents: 25.

Total Estimated Number of Annual Responses: 25.

Estimated Completion Time per Response: Varies from 30 minutes to 80 hours, depending on activity.

Total Estimated Number of Annual Burden Hours: 233.

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

Frequency of Collection: On occasion.

Total Estimated Annual Non-hour Burden Cost: $1,320.

If you want to comment on the information-collection requirements of this proposed rule, please send your comments and suggestions as indicated in the **DATES** and **ADDRESSES** sections as previously described.

J. National Environmental Policy Act

The BLM is preparing an EIS for the proposed rule in accordance with the NEPA. You may review the draft chapters 1 and 2 of the EIS at *https://eplanning.blm.gov.* The NEPA Number is DOI–BLM–AK–0000–2026–0012–EIS. In the EIS, the BLM will evaluate the environmental effects of the proposed rule, and reasonably foreseeable actions that could be authorized pursuant to the rule, on BLM-managed lands in the NPR–A. The BLM will consider reasonably foreseeable effects on subsistence resources and uses; wildlife and habitat, including caribou, polar bear, migratory birds, and fish; surface water, wetlands, and permafrost; air quality; noise; cultural and historic resources; visual resources; and socioeconomic conditions. The BLM will prepare an EIS before we publish a final rule.

The EIS for this rulemaking is analyzing four alternatives. Under the no action alternative, the BLM would continue using the existing permitting framework, relying on project-specific NEPA reviews without streamlined approvals. Another alternative will reflect the proposed rule. Under a third alternative, streamlined permitting would be more limited, applying only to satellite pads under narrower geographic conditions, with additional design features and mitigation requirements, longer timelines for construction initiation, and a hard cap of 14 production pads that could be approved under the rule. Under the final alternative, streamlined permitting eligibility would expand to a broader set of facility types and a wider geographic area, with shorter construction initiation timelines and no additional design features beyond existing IAP requirements, resulting in the greatest development potential among the action alternatives. The BLM has considered but dismissed other alternatives that did not meet the purpose and need or were otherwise impracticable; these are briefly described in draft Chapters 1 and 2 of the EIS. The BLM will publish the proposed rule and draft EIS Chapters 1 and 2 simultaneously and will accept comments on both, but comments will be collected separately. Section 1.3(d) of the DOI NEPA Handbook provides that the public comment period for draft environmental assessment or environmental impact statement associated with a rulemaking ''should generally run concurrently with the public comment period for the proposed rule.'' However, publication of a draft environmental document is not mandated by NEPA, the DOI NEPA regulations, or the DOI NEPA Handbook. Instead, Section 3.3 of DOI NEPA Handbook allows the BLM to publish ''draft, pre-decisional materials as in the bureau's judgment may assist in fulfilling its responsibilities under NEPA.'' Consistent with the President's direction in E.O. 14153, *Unleashing Alaska's Extraordinary Resource Potential,* E.O. 14154, *Unleashing American Energy,* and E.O. 14156, *Declaring a National Energy Emergency,* to reduce obstacles to energy development in Alaska with all due haste, the BLM is publishing drafts of Chapters 1 and 2 of the environmental impact statement in order to ensure the public has a chance to provide comment on the purpose and need and alternatives being considered, while not delaying publication of the proposed rule. Comments on the proposed rule should focus on the regulatory framework and be submitted at *www.regulations.gov* through the process detailed in this preamble (see **ADDRESSES** earlier). Comments on the draft EIS chapters 1 and 2 should address the alternatives, scope of analysis, and potential environmental concerns the BLM should consider as it completes the environmental review process and be submitted through the BLM's ePlanning EIS website (*https://ePlanning.blm.gov*).

The BLM has also considered *Seven County Infrastructure Coalition* v. *Eagle*

County, 605 U.S. 168 (2025), which held that NEPA requires an agency to evaluate the reasonably foreseeable effects of an action but does not require the agency to evaluate effects of separate projects that are remote in time or place, fall outside the agency's regulatory authority, or depend on the independent action of third parties. Because the Approval process established in § 3166.5 is the mechanism by which BLM authorizes construction and operation of Production Sites—rather than a preliminary step preceding a later site-specific NEPA review—the EIS being prepared in support of this rule will analyze the reasonably foreseeable effects of Production Sites subject to the streamlined approval process under this rule. That analysis, however, does not extend to the downstream effects which are separate in time and place from, and outside the BLM's regulatory authority over, the Production Sites that are subject to the streamlined approval process of this rule. *See Id.; Center for Biological Diversity* v. *United States BLM,* 141 F.4th 976 (9th Cir. 2025); 16 DM 1 section 6.1(k) (providing a definition of ''effects'').

The BLM would appreciate comments that identify alternatives or criteria, conditions, restrictions, or other requirements that could be incorporated into alternatives to be considered in the EIS.

K. Actions Concerning Regulations That Significantly Affect Energy Supply, Distribution, or Use (E.O. Order 13211)

Under E.O. 13211, agencies are required to prepare and submit to OMB a Statement of Energy Effects for significant energy actions. This statement is to include a detailed statement of ''any adverse effects on energy supply, distribution, or use (including a shortfall in supply, price increases, and increase use of foreign supplies)'' for the action and reasonable alternatives and their effects.

Section 4(b) of E.O. 13211 defines a ''significant energy action'' as ''any action by an agency (normally published in the **Federal Register**) that promulgates or is expected to lead to the promulgation of a final rule or regulation, including notices of inquiry, advance notices of proposed rulemaking, and notices of proposed rulemaking: (1)(i) that is a significant regulatory action under E.O. 12866 or any successor order, and (ii) is likely to have a significant adverse effect on the supply, distribution, or use of energy; or (2) that is designated by OIRA as a significant energy action.''

Any changes in oil or gas production estimated to result from the rule's enactment would increase the total U.S. gas production and U.S. oil production from the increased production in the NPR–A. For these reasons, we do not expect the proposed rule to adversely impact the supply, distribution, or use of energy. As such, the rulemaking is not a ''significant energy action'' as defined in E.O. 13211.

L. Clarity of This Regulation (E.O.s 12866, 12988, and 13563)

We are required by E.O.s 12866 (section 1(b)(12)), 12988 (section 3(b)(1)(B)), and 13563 (section 1(a)), and by the Presidential memorandum of June 1, 1988, to write all rules in plain language. This means that each rule must:

(a) Be logically organized;

(b) Use the active voice to address readers directly;

(c) Use common, everyday words and clear language rather than jargon;

(d) Be divided into short sections and sentences; and

(e) Use lists and tables wherever possible.

If you feel that we have not met these requirements, send us comments by one of the methods listed in the **ADDRESSES** section. To help the BLM revise the proposed rule, your comments should be as specific as possible. For example, you should tell us the numbers of the sections or paragraphs that you find unclear, which sections or sentences are too long, the sections where you feel lists or tables would be useful, etc.

M. Ensuring Lawful Governance (E.O. 14219)

E.O. 14219 requires agencies to prioritize the executive branch's limited enforcement resources on regulations that are authorized by constitutional Federal statutes. In accordance with this directive, the BLM conducted a review of its proposed rule and concluded that it does comply with the NPRPA and does not undermine the national interest.

N. Zero-Based Regulatory Budgeting (E.O. 14270)

E.O. 14270 requires the BLM to incorporate a sunset provision into regulations promulgated under the Mining Act of 1872, FLPMA, and the Energy Policy Act of 2005. While 43 CFR part 3130 references FLPMA at 43 U.S.C. 1733 and 1740, these regulations are primarily established under the NPRPA and its authority for promulgating regulations. As a result, the BLM did not include a sunset date for this proposed rule and proposes to remove any reference to FLPMA from part 3130's authority.

However, the BLM is also considering whether to include a sunset provision for subpart 3139. As previously noted, the BLM could link this rule directly to the 2025 IAP and specify that subpart 3139 would sunset when the existing 2025 IAP is replaced or superseded. The BLM requests comment on if or how the BLM should apply a sunset provision. Potential benefits may include ensuring that this streamlined permitting process remains consistent with future IAP decisions, reducing the need for later revisions, and providing a clear regulatory endpoint. Potential costs could include reduced long-term predictability for operators, the potential need for new rulemaking when future IAPs are issued, and administrative effort associated with transitioning to updated regulatory frameworks. Commenters are encouraged to address whether a sunset provision would support or hinder implementation of the NPRPA and the effective management of development in the NPR–A.

43 CFR Chapter II

List of Subjects in 43 CFR Part 3130

Alaska, Government contracts, Mineral royalties, Oil and gas exploration, Oil and gas reserves, Public lands-mineral resources, Reporting and recordkeeping requirements, Surety bonds.

For the reasons set out in the preamble, the BLM proposes to amend 43 CFR part 3130 as follows:

PART 3130—OIL AND GAS LEASING: NATIONAL PETROLEUM RESERVE, ALASKA

■ 1. Revise the heading for part 3130 to read as follows:

PART 3130—OIL AND GAS LEASING PROGRAM: NATIONAL PETROLEUM RESERVE, ALASKA

■ 2. Revise the authority citation for part 3130 to read as follows:

Authority: 42 U.S.C. 6501, *et seq.*

■ 3. Add subpart 3139 to part 3130 to read as follows:

Subpart 3139—Streamlined Permitting Procedures for Production Sites in the National Petroleum Reserve in Alaska

Sec.
3139.1 Purpose.
3139.2 Objective.
3139.3 Definitions.
3139.4 Qualified production sites.
3139.5 BLM review and approval of a production site.

3139.6 Contents of a complete application.
3139.7 Effect of approval.
3139.8 Conditions on approvals.
3139.9 Conditions and restrictions to mitigate adverse effects.
3139.10 General conditions and restrictions.
3139.11 Pad and road design.
3139.12 Pipeline and utility design.
3139.13 Spill prevention and remediation.
3139.14 Operational conditions and restrictions.

§ 3139.1 Purpose.

The regulations in this subpart provide a permitting process specific to the construction and operation of qualifying oil and gas production sites and associated rights-of-way in the National Petroleum Reserve in Alaska (''NPR–A'').

§ 3139.2 Objective.

The objective of this subpart is to promote orderly and efficient energy production from Federal lands in the NPR–A, subject to conditions and restrictions intended to mitigate adverse effects on surface resources and subsistence activities.

§ 3139.3 Definitions.

Except as provided herein, the definitions in parts 2880, 3130, and 3160 of this title apply to this subpart. As used in this subpart, the term:

Applicant means, at the time of application, an NPR–A leaseholder or designated operator that applies for an approval under this subpart.

Approval means the BLM's approval of an application for construction and operation of a Production Site, which includes (as applicable) BLM's issuance of a permit to drill (with a surface use plan of operations) or a right-of-way grant.

Integrated activity plan (IAP) means the type of land use management plan developed by the BLM to guide appropriate management of BLM-administered lands and minerals within the NPR–A.

Pad means a drilling site, usually constructed of local materials, such as gravel.

Permanent oil and gas infrastructure means structures, facilities, and linear features associated with oil and gas production or transportation that occupy land for more than one winter season and are integral to ongoing production operations. Permanent oil and gas infrastructure includes: production pads; facilities directly supporting oil or gas production; pipelines used to transport oil, gas, or produced fluids; and all-season gravel roads supporting ongoing production activities.

Production site means the infrastructure necessary to allow the production or transmission to market of Federal oil and gas resources in the NPR–A, consisting of gravel pads and roads; wells (inclusive of producers, injectors, and disposal wells); pipelines; and other infrastructure as required to produce or transmit Federal oil and gas resources.

Required operating procedure (ROP) means the identified requirements in the IAP that must be carried out during proposal implementation and is based on laws, regulations, executive orders, BLM planning manuals, policies, instruction memoranda, and applicable planning documents.

§ 3139.4 Qualified production sites.

A qualified production site must meet the following requirements:

(a) The proposed infrastructure must meet the definition of a production site in § 3139.3;

(b) The entire location of the proposed production site must be within 25 miles of existing permanent oil and gas infrastructure;

(c) The production site must include wells, or infrastructure to transport production from existing or proposed wells; and

(d) The proposed production site must be located entirely outside lands designated as no surface occupancy in the IAP for the NPR–A, unless essential road or pipeline crossings are allowed by the IAP.

§ 3139.5 BLM review and approval of a production site.

(a) Any applicant may request approval by filing an application for permit to drill (APD) or right-of-way (ROW) application with the BLM Alaska state office and explicitly stating in the application that the request is for approval under subpart 3139.

(b) The BLM will review the application to determine whether:

(1) It meets the definition of a production site in § 3139.3;

(2) It qualifies for permitting as a production site under § 3139.4; and

(3) It is complete as set forth in § 3139.6.

(c) If the BLM determines that the application does not meet the definition of a qualified production site, does not qualify for permitting as a production site under § 3139.4, or the application is not complete, the BLM will notify the applicant of the specific grounds of disqualification and each item of missing information in writing within 21 days of receipt of the application.

(d) If the applicant does not provide the completed application, or request an extension, within 30 days of receipt of the BLM's notification that the application is not complete, the BLM will return the application unapproved.

(e) If, after the review conducted under paragraph (b), the BLM determines that the application meets the definition of a production site, qualifies for a production site under these regulations, and the application is complete, the BLM must issue an approval or an approval with conditions within 60 days of the date of receipt of a complete application. This 60-day timeframe will prevail over any other regulatory timeframe associated with individual components of a complete application (listed in § 3139.6) that provides a shorter timeframe.

(f) In issuing approvals under this section, the BLM will comply with §§ 3162.3–1(g), 2804.25, and 2884.20(a), (b), and (c) of this title, as applicable.

§ 3139.6 Contents of a complete application.

A complete application must include the following information, and the BLM will not require applicants to submit additional information beyond the requirements of this section:

(a) The size and location of the proposed pad;

(b) The number of wells anticipated on the proposed pad;

(c) Demonstration that the application is in compliance with the requirements of the current NPR–A Integrated Activity Plan (IAP) when submitted, including the required operating procedures (ROPs), and will comply with the conditions and restrictions to mitigate adverse impacts listed in §§ 3139.9 to 3139.14;

(d) One or both of the following, as appropriate:

(1) A complete APD for a well as required by subparts 3162 and 3171;

(2) A complete ROW application as required by subpart 2884 for issuance of a pipeline ROW and subpart 2804 for any other ROW.

(e) Sufficient data to allow the BLM to comply with the requirements for completing section 106 of the National Historic Preservation Act (1966, as amended; 54 U.S.C. 306108) and its implementing regulations at 36 CFR part 800;

(f) Sufficient data to allow the BLM to comply with the requirements for completing a Plan of Action under the Native American Graves Protection and Repatriation Act (1990, as amended; 25 U.S.C. Chapter 32) and its implementing regulations at 43 CFR 10.4(b) if the proposed project is likely to result in a discovery of Tribal ancestral human remains or cultural items; and

(g) Demonstration that the applicant provides the information necessary for the BLM to comply with its section 7 consultation requirements under the Endangered Species Act of 1973 (16 U.S.C. 1531–1544).

§ 3139.7 Effect of approval.

(a) An approval under § 3139.4 constitutes approval of a production site under the Naval Petroleum Reserves Production Act of 1976, and will not require further review or approval under parts 2800, 2880, or 3160, or subpart 3171 of this title.

(b) An applicant may only modify a production site by following the procedures in § 3139.4.

(c)The BLM's determination under § 3139.5 that a proposed production site qualifies under this subpart confirms that the environmental effects of constructing and operating the site fall within the scope of impacts analyzed in the EIS prepared for this rulemaking. No additional project-level NEPA analysis or documentation is required for the BLM to issue its approval under this section.

§ 3139.8 Conditions on approvals.

(a) Approved production sites must comply with all applicable lease terms, IAP lease stipulations, and relevant ROPs from the IAP.

(b) Construction of a production site approved under this subpart must begin no later than 4 years after the date of approval. Construction is deemed to begin the first day of activity to construct a pad or the access road occurring within the boundary of the NPR–A.

(c) The BLM may apply site-specific conditions of approval to the APDs or terms and conditions of approval to the ROW that reflect necessary measures for both surface and downhole development within the NPR–A.

(d) Any changes to the approved APD or ROW must be requested of and approved by the BLM as required under parts 2800, 2880, and 3160.

§ 3139.9 Conditions and restrictions to mitigate adverse effects.

The applicant will comply with all conditions and restrictions to mitigate adverse effects, as set forth in the IAP's ROPs and §§ 3139.10 through 3139.14, which satisfy the requirements of sections 6504(a) and 6506a(b) of the NPRPA. If requested by the applicant, the authorized officer may grant exemptions from, or deviations to, the applicable conditions and restrictions set forth in these sections or the IAP's ROPs. The BLM will make a decision on these requests within 30 days. The authorized officer may grant these requests if:

(a) A substitute condition or restriction is equally or more effective in mitigating adverse effects;

(b) Advances in technology have rendered the condition or restriction for which a deviation or exemption is requested unnecessary; or

(c) The condition or restriction for which a deviation or exemption is requested is otherwise not applicable to the approved production site.

§ 3139.10 General conditions and restrictions.

The applicant will comply with the following general conditions and restrictions to mitigate adverse effects:

(a) Protect cultural resources sites with a 500-foot avoidance buffer;

(b) Design infrastructure placement that considers wildlife habitat types, using best available data;

(c) Design facilities to minimize nesting, denning, or sheltering opportunities for ravens, raptors, and foxes;

(d) Provide the BLM authorized officer with a geographic information system (GIS) compatible infrastructure location information to facilitate agency monitoring and assessment of wildlife movements through the project area construction and operations;

(e) Use the results of cultural and paleontological resource surveys to inform project design and facilities placement and avoid known cultural and paleontological resources during ground-disturbing activities and ice road construction;

(f) Before submitting an application, provide project information to, and offer to meet with, affected communities, Tribes, and Alaska Native corporations within the North Slope and document those engagement efforts in the application.

(g) Apply non-discriminatory hiring policies to ensure fair access for all qualified candidates, including Alaska Natives or local hires;

(h) Provide reasonable use of project roads to local community residents for access to subsistence areas and NPR–A leaseholders and designated operators for permitted NPR–A leaseholder activities; and

(i) Provide for reasonable and equitable access and use of transportation corridors approved and built under this subpart for all NPR–A lessees and designated operators, including co-location or shared use of roads, pipelines, and other transportation or production-related infrastructure, where such access can be accommodated without compromising safety, environmental protections, or existing operational commitments.

§ 3139.11 Pad and road design.

The applicant will comply with the following conditions and restrictions to mitigate adverse effects when constructing pads and roads:

(a) Implement strict guidelines for travel on ice roads to avoid tundra damage, including ice road driver training, speed and weight limits, and road edge delineators along both sides of roads;

(b) Design ice roads that are a minimum of 6 inches thick to eliminate or minimize impacts to wetlands and tundra during winter construction;

(c) Route ice roads to avoid shrub areas and large areas of tussock tundra;

(d) Design fish-passage culverts in consultation with the Alaska Department of Fish and Game;

(e) Install cross-drainage culverts as needed to maintain natural surface drainage to mitigate the risk of sheet flow interruption and thermokarsting;

(f) Place gravel roads perpendicular to the general flow direction when crossing natural drainages to maintain the existing flow patterns and characteristics;

(g) Place bridges and river crossings at narrow river sections to avoid gravel fill and minimize the number of piers/pilings placed below ordinary high water.

(h) Elevate on-pad heated buildings or structures using pilings, to prevent or reduce heat transfer to underlying soils and preserve the thermal integrity of the permafrost;

(i) Implement dust control measures for gravel roads and pads to reduce fugitive dust that can settle on vegetation or snow and increase thermal conductivity;

(j) Use sufficient thickness for gravel pads and roads to maintain a stable thermal regime by insulating the underlying tundra and offsetting the loss of insulating effect caused by the compression of the vegetated tundra beneath the gravel; and

(k) Include subsistence tundra access ramps and pullouts on gravel roads, with locations based on community input, to allow local residents access to the areas adjacent to roadways.

§ 3139.12 Pipeline and utility design.

The applicant will comply with the following conditions and restrictions to mitigate adverse effects when constructing pipelines and installing utilities.

(a) Suspend communications and power cables from horizontal support members atop vertical support members to avoid additional fill associated with utility poles;

(b) Minimize the electrocution hazard by suspending electrical distribution lines from pipe racks or burying cables off pad instead of using overhead lines;

(c) Design pipelines to minimize redundant parallel pipelines;

(d) Use ice roads and pads to install vertical support members for pipelines;

(e) Construct pipelines above-ground to minimize permafrost impacts; and

(f) Use a muted (*i.e.,* non-reflective) coating on pipelines to avoid glare.

§ 3139.13 Spill prevention and remediation.

The applicant will comply with the following conditions and restrictions to mitigate adverse effects from spills.

(a) Build and operate pipelines with the best available technology for detecting and preventing corrosion or mechanical defects to minimize impacts related to point source pollution from oil spills or leaks;

(b) Install pipeline equipment to minimize spill risk at major stream crossings;

(c) Immediately and completely clean up all spills, recovering 100 percent of spilled material for recycling when possible;

(d) Equip and maintain oil-spill response equipment intended for use in winter conditions for effective use in Arctic conditions (*i.e.,* in a manner to prevent the freezing or icing of the equipment); and

(e) Designate a trained spill response team and hazardous-materials response team, consisting of trained volunteer spill and hazardous materials response personnel on site.

§ 3139.14 Operational conditions and restrictions.

The applicant will comply with the following conditions and restrictions to mitigate adverse effects during operations.

(a) Construct gravel roads, pads, and pipelines during the winter season, supported by access via ice roads;

(b) Use ice roads and pads to support construction, including using ice pads for construction camps, equipment staging, gravel stockpiles, and construction activities at bridge crossings;

(c) Inject produced water into the reservoir and do not discharge it to surface lands, surface waters, or marine waters;

(d) Ensure drill cuttings are temporarily stored on ice and removed prior to spring breakup;

(e) Align pipe racks adjacent to pipeline racks so vertical support members are in line to reduce obstructions to caribou and subsistence user movements;

(f) Ensure current communications protocols for helicopters, fixed-wing aircraft, and marine-vessel traffic are adequate to address local community concerns about traffic-related impacts to subsistence activities;

(g) Equip vehicles with block heaters and plug-in vehicle engines when temperatures are −30 °F or above to avoid idling, conserve fuel, and reduce emissions; and

(h) Use electric solenoids or instrument air driven pneumatics instead of natural gas driven pneumatics.

Lanny E. Erdos,

Director, Office of Surface Mining, Reclamation, and Enforcement, Exercising Authority of the Assistant Secretary—Land and Minerals Management.

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BILLING CODE 4331–10–P

FEDERAL COMMUNICATIONS COMMISSION

47 CFR Part 2

[ET Docket No. 26–169; FCC 26–51; FR ID 364887]

Unleashing Unlicensed Spectrum for Direct-to-Device

AGENCY: Federal Communications Commission.

ACTION: Proposed rule.

SUMMARY: The Federal Communications Commission (Commission or FCC) issues a Notice of Proposed Rulemaking proposes to expand opportunities for direct-to-device (D2D) communications by permitting certain unlicensed devices to communicate with satellites on a non-interference basis. Building on recent market growth and new industry investment in D2D technologies, the NPRM explores adding satellite allocations in specific unlicensed bands, clarifying that equipment may operate within spacecraft, and establishing a flexible regulatory framework that preserves incumbent operations while enabling continued innovation. The Commission seeks comment on technical, licensing, and policy considerations to support expanded D2D connectivity and ensure coexistence with existing services.

DATES: Comments are due on or before November 9, 2026 and reply comments are due on or before December 7, 2026.

ADDRESSES: Pursuant to §§ 1.415 and 1.419 of the Commission's rules, 47 CFR 1.415, 1.419, interested parties may file comments and reply comments on or before the dates indicated in the **DATES** section above. Comments may be filed using the Commission's Electronic Comment Filing System (ECFS). You may submit comments, identified by ET Docket No. 21–232, by any of the following methods:

- *Electronic Filers:* Comments may be filed electronically using the internet by accessing the ECFS: *https://www.fcc.gov/ecfs*.
- *Paper Filers:* Parties who choose to file by paper must file an original and one copy of each filing.
- Filings can be sent by hand or messenger delivery, by commercial courier, or by the U.S. Postal Service. All filings must be addressed to the Secretary, Federal Communications Commission.
- Hand-delivered or messenger-delivered paper filings for the Commission's Secretary are accepted between 8:00 a.m. and 4:00 p.m. by the FCC's mailing contractor at 9050 Junction Drive, Annapolis Junction, MD 20701. All hand deliveries must be held together with rubber bands or fasteners. Any envelopes and boxes must be disposed of before entering the building.
- Commercial courier deliveries (any deliveries not by the U.S. Postal Service) must be sent to 9050 Junction Drive, Annapolis Junction, MD 20701.
- Filings sent by U.S. Postal Service First-Class Mail, Priority Mail, and Priority Mail Express must be sent to 45 L Street NE, Washington, DC 20554.
- *People with Disabilities:* To request materials in accessible formats for people with disabilities (Braille, large print, electronic files, audio format), send an email to *fcc504@fcc.gov* or call the Consumer & Governmental Affairs Bureau at 202–418–0530.

FOR FURTHER INFORMATION CONTACT: Hugh L. Van Tuyl of the Office of Engineering and Technology at *Hugh.VanTuyl@fcc.gov* or (202) 418–7506.

SUPPLEMENTARY INFORMATION: This is a summary of the Commission's *Notice of Proposed Rulemaking (NPRM),* in ET Docket No. 26–169, FCC 26–51, adopted on August 6, 2026, and released on August 7, 2026. The full text of this document, is available for public inspection and can be downloaded at *https://docs.fcc.gov/public/attachments/FCC-26-51A1.pdf.* Alternative formats are available for people with disabilities (Braille, large print, electronic files, audio format) by sending an email to *fcc504@fcc.gov* or calling the Commission's Consumer and

Governmental Affairs Bureau at (202) 418–0530 (voice).

Ex Parte Presentations. The proceeding this document initiates shall be treated as a ''permit-but-disclose'' proceeding in accordance with the Commission's *ex parte* rules. Persons making *ex parte* presentations must file a copy of any written presentation or a memorandum summarizing any oral presentation within two business days after the presentation (unless a different deadline applicable to the Sunshine period applies). Persons making oral *ex parte* presentations are reminded that memoranda summarizing the presentation must (1) list all persons attending or otherwise participating in the meeting at which the *ex parte* presentation was made, and (2) summarize all data presented and arguments made during the presentation. If the presentation consisted in whole or in part of the presentation of data or arguments already reflected in the presenter's written comments, memoranda or other filings in the proceeding, the presenter may provide citations to such data or arguments in his or her prior comments, memoranda, or other filings (specifying the relevant page and/or paragraph numbers where such data or arguments can be found) in lieu of summarizing them in the memorandum. Documents shown or given to Commission staff during *ex parte* meetings are deemed to be written *ex parte* presentations and must be filed consistent with rule 1.1206(b). In proceedings governed by rule 1.49(f) or for which the Commission has made available a method of electronic filing, written *ex parte* presentations and memoranda summarizing oral *ex parte* presentations, and all attachments thereto, must be filed through the electronic comment filing system available for that proceeding, and must be filed in their native format (*e.g.,* .doc, .xml, .ppt, searchable .pdf). Participants in the proceeding should familiarize themselves with the Commission's *ex parte* rules.

Regulatory Flexibility Act. The Regulatory Flexibility Act of 1980, as amended (RFA), requires that an agency prepare a regulatory flexibility analysis for notice and comment rulemakings, unless the agency certifies that ''the rule will not, if promulgated, have a significant economic impact on a substantial number of small entities.'' Accordingly, the Commission has prepared an Initial Regulatory Flexibility Analysis (IRFA) concerning the potential impact of the rule and policy proposals in this document on small entities. The IRFA is set forth in Appendix B to the *Notice of Proposed Rulemaking.* The Commission invites the general public, particularly small businesses, to comment on the IRFA. Comments must be filed by the deadlines for comments on the Third Further Notice of Proposed Rulemaking indicated in the **DATES** section above and must have a separate and distinct heading designating them as responses to the IRFA.

Paperwork Reduction Act Analysis. This document does not contain proposed information collection(s) subject to the Paperwork Reduction Act of 1995 (PRA), 44 U.S.C. 3501 3521. In addition, therefore, it does not contain any new or modified information collection burden for small business concerns with fewer than 25 employees, pursuant to the Small Business Paperwork Relief Act of 2002, 44 U.S.C. 3506(c)(4).

Providing Accountability Through Transparency Act. Consistent with the Providing Accountability Through Transparency Act, Public Law 1189–9, a summary of the *Notice of Proposed Rulemaking* will be available at *https://www.fcc.gov/proposed-rulemakings.*

OPEN Government Data Act. The OPEN Government Data Act requires agencies to make ''public data assets'' available under an open license and as ''open Government data assets,'' *i.e.,* in machine-readable, open format, unencumbered by use restrictions other than intellectual property rights, and based on an open standard that is maintained by a standards organization. This requirement is to be implemented ''in accordance with guidance by the Director'' of the OMB. The term ''public data asset'' means ''a data asset, or part thereof, maintained by the Federal Government that has been, or may be, released to the public, including any data asset, or part thereof, subject to disclosure under [the Freedom of Information Act (FOIA)].'' A ''data asset'' is ''a collection of data elements or data sets that may be grouped together,'' and ''data'' is ''recorded information, regardless of form or the media on which the data is recorded.''

Synopsis

Introduction. Direct-to-device (D2D) technology has undergone a transformative wave of investment and innovation in recent years, with American companies leading the way yet again. Since the Commission adopted its pioneering framework to enable Supplemental Coverage from Space, consumers have benefitted from the ubiquitous—and often lifesaving—connectivity that D2D provides in areas with inadequate cellular coverage. And as advances in D2D technology occur at a faster clip each day, innovators and entrepreneurs have adopted diverging theses on the likelihood of intermodal convergence and the need for predictable D2D spectrum access. Some analysts project more than $100 billion in revenues across all D2D and IoT segments by 2034. Predictions like these have translated into frothy dealmaking over the last 18 months, as more than $40 billion has coursed through the American space economy for D2D. In 2025, SpaceX acquired 65 megahertz of D2D spectrum from EchoStar for $19.6 billion. AST announced a $550 million agreement to use L-band spectrum licensed to Ligado. And most recently, Amazon and RocketLab struck separate deals collectively totaling nearly $20 billion to acquire Globalstar and Iridium respectively, including their D2D spectrum portfolios. To enable healthy market discovery, the Space Bureau recently issued long-awaited legal clarity to reaffirm American innovators' exclusively-held D2D spectrum rights.

The Commission intends to allow the current wave of D2D experimentation and dynamism to unfold, consistent with the principles of technological neutrality and regulatory humility. So, today the Commission take the next step to secure America's leadership in D2D by exploring proposals that would allow devices operating in more than 200 megahertz of spectrum available for unlicensed devices to communicate with satellites authorized to provide service in the United States. In the *Notice of Proposed Rulemaking* (*NPRM*), the Commission examines potential reforms to enable devices operating in some of the part 15 bands to communicate with FCC-authorized satellites, whether on an uplink or downlink basis. The Commission also proposes to clarify that using equipment authorized under the part 15 rules is permitted within FCC-authorized spacecraft. Unlicensed spectrum may be suitable to support the capacity requirements and complement other bands for D2D services. Devices operating under the part 15 rules are widely used by businesses and consumers and include Wi-Fi and Bluetooth transmitters for wireless local area connectivity, medical imaging devices, wireless microphones, automobile and garage door opener remote controls, and IoT sensors. By eliminating the burden and cost to obtain a Commission spectrum license, the Commission's part 15 rules have spurred innovation in new devices and applications that successfully coexist with other licensed and unlicensed services. Unlocking unlicensed bands for D2D promises to open up new services that seamlessly integrate devices across terrestrial and satellite platforms and provide consumers with another option for connectivity.

In this document, technological neutrality and regulatory humility—principles that have long shaped the Commission's approach to unlicensed spectrum—will guide its analysis. As an initial matter, in considering new unlicensed services, the Commission intends to preserve the operational status quo of the spectral environment for incumbent and authorized services, as well as for the terrestrial part 15 devices that consumers and businesses rely upon every day. The Commission also recognizes that technical standards and coordination mechanisms for space-based use of these bands remain in an early and evolving stage, and the Commission does not believe it would be prudent to lock in prescriptive technical rules before the record and industry practice have had the opportunity to mature. And consistent with the Commission's history of light-touch regulation of unlicensed spectrum, the Commission intends to afford industry the breathing room to experiment within a regulatory sandbox, allowing new entrants and incumbents alike to develop and test new services under flexible, non-interference-based rules rather than a rigid licensing framework designed for a different era of satellite operations or even incumbent unlicensed protocols. The Commission believes that adherence to these principles may allow us to responsibly expand the universe of spectrum available for direct-to-device and other space-based applications while safeguarding the interference-free environment that has made part 15 spectrum such a valuable and productive resource for the American public.

Background. Part 15 of the Commission's rules contains technical specifications, administrative requirements, and other conditions relating to the marketing of radio frequency (RF) devices that may be operated without an individual license. Part 15 contains technical regulations for two broad categories of radio frequency devices: (1) intentional radiators, which intentionally generate and emit RF energy by radiation or induction, and (2) unintentional radiators, which intentionally generate RF energy for use within the device or send signals by conduction to associated equipment via connecting wiring, but which are not intended to emit RF energy by radiation or induction.

Intentional radiators may operate on an unlicensed basis under part 15 in almost any frequency band at very low power levels, with the exception of designated restricted bands where only spurious emissions are permitted. The restricted bands are designated to protect sensitive radio services, such as those that protect safety-of-life or those that use very low received signal levels, such as satellite downlinks or radio astronomy. The power levels permitted under part 15 in most frequency bands are suitable for communication only over very short ranges, such as a few meters, or with low data rates. In addition, part 15 specifies a number of frequency bands where intentional radiators may operate at significantly higher power levels, subject to technical requirements to protect authorized services from harmful interference, including the 2400–2483.5 MHz and 5725–5850 MHz bands. These bands, unlike many other bands where unlicensed devices can operate at higher power, do not have airborne restrictions or satellite allocations, with the exception of the 5830–5850 MHz band, which contains an amateur satellite downlink allocation. Unlicensed devices may generally transmit with up to 4 watts (36 dBm) EIRP in these bands. By taking advantage of this higher power, unlicensed devices can provide high data rate connectivity over substantial distances. These higher power part 15 bands are the home to vast numbers of consumer devices that successfully coexist without the need for licensing or frequency coordination.

Because unintentional radiators do not intentionally emit radiation, they do not have the same constraint as intentional radiators to avoid restricted frequency bands. In general, they must comply with radiated emission limits at frequencies of 30 MHz and above. Regardless of the type of device, *e.g.,* intentional or unintentional radiator, part 15 device operations are subject to the conditions that they do not cause harmful interference to authorized services and must accept any interference that occurs. The operator of a radiofrequency device is required to cease operating it upon notification by a Commission representative that the device is causing harmful interference, and operation may not resume until the condition causing the harmful interference has been corrected.

Part 15 devices must generally be authorized under either the certification or the Suppliers Declaration of Conformity (SDoC) procedure prior to importation and marketing. Most intentional radiators require authorization under the certification procedure, and most unintentional radiators may take advantage of the SDoC procedure, but may also use the certification procedure. Devices authorized under the certification procedure must be tested by an FCC-recognized accredited testing laboratory to demonstrate that they comply with the FCC rules.

Discussion. In this document, the Commission explores making frequency bands commonly used by devices operating under the part 15 unlicensed rules available for space-based communication applications. Specifically, the Commission proposes and seeks comment on rule modifications to enable devices operating consistent with the part 15 technical rules to communicate with satellites in the Earth-to-space and space-to-Earth directions that are United States-licensed or non-United States-licensed and have been granted market access by the Commission, as well as on the appropriate regulatory model and technical requirements necessary to prevent harmful interference to authorized services and adverse impacts on terrestrial part 15 devices. The Commission also proposes to clarify that the use of equipment authorized under the part 15 rules is permitted on board spacecraft, subject to any other applicable restrictions, such as those of federal agencies and international treaties. Additionally, the Commission seek comment on other scenarios and types of applications in which devices operated under the part 15 rules could be used in space, including the specific frequency bands that would be suitable for their operation, and whether the current part 15 requirements would be appropriate for these applications.

Legal Authority. The Commission has maintained rules governing non-licensed operation of certain types of RF devices, such as receivers and low power transmitters, for more than 80 years. Such devices must adhere to the specifications found in part 15 of the Commission's rules, which do not explicitly address whether part 15 devices may be operated in space.

Under the Communications Act of 1934, as amended (the Act), the Commission has broad jurisdiction over ''all interstate and foreign communication by wire or radio and all interstate and foreign transmissions of energy by radio, which originates and/or is received within the United States, and to all persons engaged within the United States in such communication or such transmission of energy by radio.'' Furthermore, the Commission is charged with regulating radio spectrum across the United States in a manner that serves the public interest. Section 301 of the Act provides the Commission with jurisdiction over radio-communication stations, including those operating ''upon any . . . mobile stations within the jurisdiction of the United States.'' The Commission has long held that its jurisdiction under these provisions is not affected when such radio activity involves a station, instrumentality, apparatus, or facility that happens to be in space. Indeed, the FCC has long exercised jurisdiction over apparatus used for radiocommunications in space under part 25 of the Commission's rules governing satellite communications. Accordingly, the Commission has jurisdiction over apparatus otherwise regulated under part 15 of the Commission rules when such apparatus are operating in, or intended to be operated in, space.

Earth-to-Space and Space-to Earth Operations. The recent growth in the satellite, space, and AI industries is significantly increasing demand for spectrum to support new applications in space and between Earth and space, including traditional communications links, D2D services, as well as nascent applications, such as in-space servicing, assembly, and manufacturing (ISAM). The Space Bureau recently approved an application that uses satellite uplinks in the 2400–2483.5 MHz frequency band that is heavily used by part 15 devices, noting that these bands would only be used from specific gateway locations for these uplinks. It previously approved other applications for satellites to receive signals from terrestrial devices operating in frequency bands available under the part 15 rules, but for infrequent use from a single United States location. In the interest of making more intensive and efficient use of spectrum to satisfy growing industry needs, including D2D communication services, the Commission seeks comment on allowing new types of satellite operations under part 25, both downlinks (space-to-Earth) and uplinks (Earth-to-space), in the bands where the part 15 rules permit higher power operation.

The approach on which the Commission seeks comment is somewhat similar to what is being done in Europe, where a frequency band used for short range (unlicensed) devices is being used on a limited basis for communications between short range (unlicensed) devices and satellites. The Commission also seeks comment on how it could reduce unnecessary regulatory barriers to permit new types of satellite applications to operate under the part 15 framework.

Unlicensed access points operating under part 15 have become ubiquitous within buildings to provide connectivity to portable devices, such as smartphones, laptops, smartwatches, and IoT devices. Unlicensed access points are also often deployed to provide connectivity in outdoor locations and can have an outdoor range of several kilometers. Permitting Earth-to-space and space-to-Earth communications with space stations authorized under part 25 using devices operating consistent with the existing part 15 technical rules would allow consumer-grade equipment—such as smartphones, laptops, and IoT sensors—additional connectivity options where there is no terrestrial coverage. The Commission seeks comment on this assumption. This concept mirrors the Commission's actions in providing for Supplemental Coverage from Space (SCS), in which satellites provide service on a secondary basis in spectrum bands that are licensed to terrestrial wireless carriers (600 MHz, 700 MHz, 800 MHz, Broadband PCS, and AWS–H Block), but without imposing additional licensing burdens on end-user equipment. By leveraging certain bands where higher power unlicensed device usage is permitted under part 15 (*e.g.,* 2400–2483.5 MHz and 5725–5850 MHz), but which do not have airborne restrictions or satellite allocations, satellites could receive signals from devices operating under the current part 15 limits and transmit to these devices using similar signal levels.

The Commission seeks comment on whether satellite uplinks present a more manageable coexistence environment than satellite downlinks in the candidate bands. The Commission also asks whether unlicensed D2D services would be concentrated in rural, underserved, or unserved areas. The Commission believes, and seeks comment on whether, any change to the terrestrial radio environment could be at a level low enough so as to not increase the potential for harmful interference to authorized services or adversely impact terrestrial-based part 15 devices' ability to successfully communicate. If possible, such an innovation could enable billions of existing devices that comply with the part 15 unlicensed rules using protocols such as Wi-Fi and Bluetooth to connect to satellites using existing communication protocols. The Commission seeks comment on the foregoing. Allowing part 15 devices to connect with satellites in these bands on a non-interference basis would promote effective and efficient spectrum utilization. The Commission therefore proposes and seeks comment on satellite use of these two bands, *i.e.,* 2400–2483.5 MHz and 5725–5850 MHz and seek comment on whether there are any other bands that the Commission should consider. The Commission's goal is to develop a record of how to enable such operations without adversely impacting other users in these or other bands, and a framework that might be used to authorize them.

Allocation Matters. While the part 15 rules contain requirements for devices that can be operated without an individual license, part 15 is not a radio service. Thus, there are no allocations in the Table of Frequency Allocations for devices operating under the Commission's part 15 rules. Rather, part 15 devices operate on a non-interference basis, meaning that they cannot cause interference to authorized services and must accept any interference received.

The part 15 rules do not prohibit using terrestrial-based equipment to transmit to satellites, but they also do not contain any provisions that explicitly permit this type of operation. Similarly, part 15 does not prohibit operation from satellites in the 2400–2483.5 MHz and 5725–5850 MHz bands, but for various reasons, *e.g.,* power limitations, satellite licensing requirements, and international regulations, no parties are operating satellite links under the part 15 rules. In addition, the technical parameters governing part 15 devices were devised assuming terrestrial operations, not operations in space or to devices in space. The Commission seeks comment on possible rule changes that would support satellite services in these three frequency bands, as well as other frequency bands where the part 15 rules permit higher power operations. In this Section III.B.1, the Commission considers the cases of Earth-to-space and space-to-Earth operations and what changes might be necessary to the Table of Frequency Allocations to accommodate both types of operation.

Earth-to-space. Recently, parties have developed systems that use transmitters operating in accordance with part 15 of the rules for transmissions from Earth-to-space. Specifically, Hubble Network, Inc. (Hubble) was granted a satellite license to receive signals from 100 milliwatt (20 dBm) terrestrial devices operating in the 2482.710675–2483.424 MHz portion of the 2400–2483.5 MHz band with technical parameters consistent with part 15 Bluetooth Low Energy device operations. Because there is no allocation for satellite operation in the 2400–2483.5 MHz band and Hubble's operations were licensed as earth stations under the part 25 rules, a waiver of the Table of Frequency Allocations was required. This waiver was granted for infrequent use from a single United States location.

The Commission believes that streamlining the rules to permit satellites to receive signals from terrestrial devices operating under the part 15 technical rules in certain bands would benefit the public by facilitating the development of new and innovative wireless communication products and services, such as those developed by Hubble. The Commission seeks comment on its tentative conclusion. As discussed below in the section on licensing requirements, the Commission is seeking comment on several alternatives for authorizing terrestrial devices operating consistent with the part 15 rules to transmit in the Earth-to-space direction, including licensing them by rule to communicate with FCC-licensed satellites or non-US-licensed satellites that have been granted market access by the Commission, or by licensing them as earth stations under part 25 of the Commission's rules.

Because satellite earth station and space station licenses require a satellite frequency allocation for each frequency band in which they operate, it is currently necessary to grant a waiver of the Table of Frequency Allocations for each license application that requests operation in any other band, including those available for higher powered part 15 operations, as was done for Hubble. A simpler long-term approach would be to modify the Table of Frequency Allocations to include satellite (Earth-to-space) frequency allocations in bands where the Commission would permit such uplinks to operate.

Accordingly, to provide the ability for earth and space stations to obtain operating authority (either on a licensed or unlicensed basis) in a more streamlined manner without the need for a waiver, the Commission proposes to add a new footnote to the Table of Frequency Allocations that will allow Earth-to-space operations in the 2400–2483.5 MHz band. Additionally, to make more spectrum available for uplink purposes, the Commission proposes to add a satellite uplink allocation via this new footnote in the 5725–5850 MHz band as well. The Commission limits its proposal to these two bands because part 15 devices are generally permitted to operate with power levels up to 4 watts (36 dBm) EIRP in these bands, which makes it potentially feasible to transmit to satellites. These bands, unlike other bands where higher power operation is permitted, also currently have no satellite uplink or downlink allocations, with the exception of the 5830–5850 MHz band. The Commission further proposes that devices licensed to operate under these allocations would be on a non-interference basis to other authorized services in the bands, the same requirement that applies to part 15 unlicensed device operations for these bands whether transmitting between terrestrial stations or to a satellite. That is, they may not cause harmful interference to authorized services and must accept any interference received, including from devices operating under part 15 of the rules and ISM equipment. Further, as discussed in the technical requirements section below, the Commission proposes no change to the current part 15 power limit for devices transmitting to satellites whether the devices operate on a licensed or unlicensed basis, thus there will be no change to the interference environment as a result of this proposal. The Commission seeks comment on the proposals in this paragraph.

Is it necessary to add an allocation for satellite operations in the Earth-to-space direction to either or both of these bands, and if so, in which bands or portions of these bands? What type of satellite service allocations should be added, *e.g.,* FSS, MSS, or other? Do commenters agree or disagree with the Commission's proposal that all satellite operations in the proposed bands would be on a non-interference basis; even if licensed? Commenters that advocate for a different allocation status—primary or secondary—should provide justification for their position, including analysis for how such communication links would operate vis-à-vis other links, both licensed and unlicensed, and what effect a higher allocation status might have on existing part 15 operations. What is the appropriate method for adding an allocation? The Commission proposes to add a footnote allocation, but seeks comment on whether a direct table allocation would be a better regulatory approach. How much operational and technical detail should be in any added footnote? What other factors should the Commission consider in deciding what changes are appropriate? The Commission seeks comment on these questions.

Space-to-Earth. Space-to-Earth transmissions can have a larger area of impact than terrestrial transmissions because the space-to-Earth signal can cover a much wider area than terrestrial-based equipment due to the higher altitudes of satellites compared with terrestrial devices. However, given the proper technical and operating parameters, it may be possible that frequency bands available for higher-power operation under the part 15 rules could be used for satellite downlink operations while co-existing with authorized services and terrestrial part 15 users, similar to what was recently permitted in Europe. In that case, the Electronic Communications Committee (ECC) of the European Conference of Postal and Telecommunications Administrations released a decision document describing the conditions under which low power devices operating in the 862–870 MHz band may be authorized to communicate with satellites, and satellites may may be authorized to communicate with terrestrial devices in this band. Since numerous unlicensed devices share spectrum on a non-interference basis, the Commission believes that any satellite downlink operations in the bands available under the part 15 rules should also be on a non-interference basis, consistent with these rules and the Commission's proposal for satellite uplinks. The Commission seeks comment on this conclusion. Under this approach, the Commission would establish technical rules for satellite operations (*e.g.,* PFD limits, beamwidth limits, or other technical requirements) designed to minimize the potential for adverse impacts on terrestrial part 15 devices as discussed in more detail in the technical requirements section below.

The Commission seeks comment on whether the U–NII–3 band (5725–5850 MHz) could be used for satellite downlink operations because it has no existing satellite uplink or downlink allocations except as noted above. The Commission seeks comment on this particular band because the higher frequency and correspondingly shorter wavelengths, as compared to the 2400–2483.5 MHz band, would allow for the use of smaller, more directional satellite antennas that could help limit the satellite beam footprint on Earth. However, the Commission recognizes that other frequency bands could be useful for satellite downlinks as well and seeks comment below on whether there are other frequency bands that could be used for this purpose.

If the Commission were to allow space-to-Earth satellite operations in the U–NII–3 band, what type of amendments to the Table of Frequency Allocations would be necessary? Would FSS and/or MSS allocations in the space-to-Earth direction be appropriate? The Commission seeks comment on whether operation, including licensed operation, under a satellite allocation in this band would be on the same non-interference basis as part 15 devices, as the Commission proposed above for the

Earth-to-space links. Are there alternatives that the Commission should consider? Could the Commission make allocation changes through a new footnote, which could clearly state what services devices would have to protect, *e.g.,* that satellite downlink operations are on a non-interference basis to other services and users that share the band with part 15 devices? Should the Commission also includes an allocation for inter-satellite links, and if so, what allocation changes would be necessary to accommodate that use? What other factors should the Commission consider? Alternatively, could such operations be conducted on a purely part 15 unlicensed basis? If so, how could the Commission address foreign operators and compliance with other requirements such as ITU filings and orbital debris showings? If the Commission were to authorize inter-satellite links, should they be authorized under the same mechanism as the space-to-Earth links or is a different mechanism needed?

Other frequency bands. While the Commission proposes and seeks comment on making more spectrum available for D2D satellite operations in certain frequency bands where higher-power unlicensed part 15 operations are permitted, the Commission recognizes that these bands contain a finite amount of spectrum. Over time, as satellite use increases, these bands may not have enough spectrum to accommodate future satellite applications. The Commission therefore seeks comment on any additional frequency bands that could be used to accommodate expanded D2D satellite operations under an operational and technical framework consistent with part 15 technical rules.

Are there any other bands that are used by unlicensed devices where the Commission could add satellite allocations, either uplinks, downlinks, or both? For example, should the Commission add a satellite downlink allocation in the 2400–2483.5 MHz band? What would be the advantages and disadvantages of a satellite downlink allocation in that band as opposed to the U–NII–3 (5725–5850 MHz band)? Are there any other U–NII bands, *i.e.,* in the 5 GHz and 6 GHz bands, where the Commission could possibly add either satellite uplink or downlink allocations? The Commission notes that other U–NII bands contain satellite allocations as well as other services that must be protected, so parties that suggest the use of additional frequency bands should provide an analysis of how communications with satellites could operate in those bands without causing harmful interference to authorized services or adversely affecting the operation of terrestrial part 15 devices. Similarly, if the Commission were to authorize inter-satellite links, what other bands might be appropriate for such transmissions under the framework the Commission is proposing here?

Licensing Framework. The Commission seeks comment on whether devices designed consistent with existing part 15 technical requirements intending to operate under the allocations proposed above need to do so under a licensed approach and what would be an appropriate licensing framework. Specifically, the Commission seeks comment below on whether to modify its rules to permit equipment certified under the Commission's part 15 rules to communicate with certain categories of satellites through a ''license by rule'' framework under part 25 of the Commission's rules governing satellite communications. The Commission also seeks comment on whether to use a streamlined licensing approach for such equipment under the Commission's part 25 rules governing earth station blanket licensing. For an apparatus that is intended to transmit and/or receive radiocommunications in space, the Commission seeks comment on using its existing part 25 rules to license such operations, as well as on potential alternatives. The Commission discusses these potential licensing frameworks in detail below.

Background. As previously observed, section 301 of the Act requires a license from the FCC for radiocommunication stations, including ''any mobile station within the jurisdiction of the United States.'' A device operating pursuant to part 15 of the Commission's rules is also a ''station'' under its rules, which define a station as ''[o]ne or more transmitters or receivers or a combination of transmitters and receivers, including the accessory equipment, necessary at one location for carrying on a radiocommunication service, or the radio astronomy service.'' Although the Commission has long authorized users to operate radiocommunication stations under part 15 of its rules based on equipment certification rather than station licensing, devices either communicating with stations in space or communicating with stations on Earth from space themselves appear to fall within the definitions of ''earth station'' or ''space station'' under the Commission's rules and are required to be authorized under part 25 as satellite communications, which generally requires a license from the Commission.

The Commission has excepted certain categories of stations authorized under part 25 from having to obtain individual station licenses. For example, the Commission does not require licenses for receive-only earth stations communicating with U.S-licensed space stations in the Fixed-Satellite Service (FSS), but instead permits voluntary registration of such stations in order to protect them from harmful interference in frequency bands shared co-equally with terrestrial fixed service. The Commission also permits a large number of technically-identical stations to be authorized under certain circumstances as part of a single ''blanket license'' that permits those stations to deploy anywhere within the geographic area specified in the license without site-specific coordination. In addition, under its Supplemental Coverage from Space (SCS) framework adopted in 2024, the Commission adopted a ''license by rule'' framework that permits terrestrial wireless equipment that meets the equipment certification requirements in other parts of the Commission's rules (*e.g.,* part 24 or part 27) to communicate with satellites as a satellite earth station under part 25 of the Commission's rules, but without requiring an individual earth station license for the equipment.

User Equipment. The Commission seeks comment on whether to modify its part 25 rules to permit devices certified under the Commission's part 15 regulatory framework to communicate with certain categories of satellites on a licensed-by-rule basis. This ''license by rule'' framework would be similar to the approach taken for SCS, under which equipment meeting the equipment certification requirements under other parts of the Commission's rules are permitted to communicate with United States-licensed space stations or non-United States-licensed space stations that have received a grant of United States market access as satellite earth stations under part 25. Under this ''license by rule'' framework, a device operating consistent with the part 15 rules and within certain bands (*e.g.,* 2400–2483.5 MHz or 5725–5850 MHz) would be also licensed as an earth station by rule without the need to file and receive approval for a part 25 earth station application for additional authority, provided that the device is operating within the technical parameters of its equipment authorization. As noted, the Commission's intent in seeking to permit devices that meet part 15 technical parameters to communicate with satellites is to expand such devices' reach and scope without changing their regulatory status regarding harmful interference. Thus, all such devices would operate on a non-interference basis. The Commission seeks comment on this possible regulatory framework.

The Commission also seeks comment on whether, as an alternative to the ''license by rule'' framework, it would be appropriate to adopt a blanket license framework under part 25 for devices certified under the Commission's part 15 regulatory framework and operating in one of the designated bands to communicate with satellites. If so, the Commission seeks comment on what application and operational requirements should govern such blanket licenses. What information about the devices would be required to be provided in an application for such a blanket earth station license? Would the information provided need to be the same as currently required for earth station applications under part 25, or would a streamlined ''light touch'' approach be appropriate? What informational requirements under the Commission's current or proposed rules governing earth station applications is unnecessary under such a ''light touch'' approach to blanket licensing of earth stations? Who would be the license holder for the user equipment, and would such a license holder be required to have operational control over the devices, which is an essential characteristic of a licensee? Should there be a numerical limit on the number of user equipment devices that could be applied for under a single blanket earth station license? What would be the appropriate geographic area for deployment of user equipment? What are the comparative benefits and costs of each approach (*i.e.,* license by rule versus blanket licensing)? Finally, as with the license-by-rule approach, devices operating under a blanket license approach would similarly be required to operate on a non-interference basis. The Commission seeks comment on these questions. The Commission also seeks comment on whether any other alternative regulatory frameworks would be appropriate for permitting certified part 15 devices to communicate with certain categories of satellites. Could these devices be permitted to communicate with satellites under the part 15 rules without also requiring operators to obtain a license under a different rule part? For example, could the Commission develop a new license-by-rule construct under which equipment certified as compliant with the part 15 technical rules is automatically authorized as a part 25 earth station when communicating with Commission-authorized space stations? If so, what part 15 and part 25 rule modifications would be required to accomplish this? Could a lightweight licensing system satisfy national-security considerations? Are there any other licensing and sharing frameworks beyond pure part 15 or hybrid part 15/part 25 models that the Commission should consider, including fully licensed approaches, alternative secondary or opportunistic frameworks, and any other others that could accelerate investment and deployment for D2D? If so, commenters should describe suggested frameworks and their benefits.

The Commission also seeks comment on whether any build-out requirements would be necessary under the proposed framework. Because devices operating in the designated bands would operate on a non-interference basis and would not preclude use of the bands by other potential spectrum users, it may not be necessary to apply to any blanket license the build out requirements of § 25.133 of the Commission's rules. The Commission seeks comment on such an approach. Alternatively, the Commission seeks comment on whether it should apply a similar build-out period to ensure prompt use by the public. Commenters advocating an alternative approach should provide their thoughts on how the Commission would apply build-out requirements for part 15-compliant devices functioning as earth stations. The Commission seeks comment on these questions.

Satellites. The Commission seeks comment on using the part 25 licensing regime to authorize space stations to transmit and receive in frequency bands where part 15 unlicensed devices are permitted to operate at higher power levels. This licensing regime could follow the general framework for authorizing space stations to provide SCS. The Commission seeks comment on allowing applicants to apply for an initial geostationary-orbit (GSO) or NGSO space station authorization, or to modify an existing authorization, to include a space station operating in specific bands consistent with the Commission's proposals to update the Table of Frequency Allocations by including satellite allocations where none exist today. Relatedly, this would include space stations included in a petition for declaratory ruling to obtain United States market access for a non-United States-licensed space station. Further, consistent with the approach taken here, the Commission proposes that any such operations would be on an unprotected, non-interference basis, consistent with part 15 operations. The Commission also expects that in most, if not all, instances satellites will not operate exclusively using these designated frequency bands, but rather they will operate primarily using frequencies allocated for the provision of other satellite services, such as FSS, mobile-satellite service (MSS), or Space Operation Service. As such, operations under the Commission's proposed framework would, similar to SCS, provide satellite operators and consumers with capacity where none may otherwise be available for devices designed for part 15 operations. The Commission seeks comment on these views and whether satellite operators would plan on taking advantage of this low cost connectivity alternative. Alternatively, the Commission seeks comment on whether it is possible to authorize any space station operations—for example, receive-only operations that downlink using frequency bands separately licensed by the FCC—through a license-by-rule provision, analogous to the framework envisioned for terrestrial devices above, without an individual license for the space station. Would such a license-by-rule framework for space station operations in bands used by unlicensed devices be applicable to requests for United States market access by non-US-licensed space stations in such bands? Would the Commission still be able to obtain information about orbital debris mitigation plans of the applicant, as required by the Commission's rules?

The Commission also seeks comment on what processing and service rules should be applied to space stations operating in the designated frequency bands. If such stations are required to operate on an unprotected, non-interference basis, the Commission seeka comment on whether such stations could be authorized outside of the Commission's processing frameworks for GSO-like and NSGO-like space stations, since neither first-come, first-served nor processing round procedures appear necessary to establish priority vis-à-vis other space station licensees. Proposed operations of the satellite in traditional satellite frequency bands, however, would still be subject to first-come, first-served or processing round requirements, as applicable. The Commission seeks comment on these processing frameworks. The Commission also seeks comment on whether it should adopt or modify any service rules in part 25 to take into account space stations communicating with devices certified under part 15. For example, although § 25.289 of the Commission's rules protects GSO systems from NGSO systems, the Commission has pointed out that this provision only applies to FSS and Broadcasting-Satellite Service (BSS) operations and does not apply to satellite operations in MSS bands. Accordingly, because the operations the Commission proposes would be on an unprotected, non-interference basis, the Commission does not expect that any such provisions would apply. The Commission seeks comment on this approach to satellite licensing and on any alternative processing and service rules for space stations operating in the designated frequency bands.

The Commission also seeks comment on what technical information must be supplied as part of an application to operate a space station in the designated frequency bands. Because the Commission expects that these new frequency bands would be included in addition to traditional satellite bands, which would need to go through normal processing procedures, the Commission does not believe that any extra information beyond listing the bands and associated power levels and emissions are necessary, as any other requirements, such as orbital debris mitigation plans, should already be accounted for as part of any space station application to operate in traditional satellite bands. The Commission seeks comment on this view. However, should any satellite operator intend to launch a satellite that operates solely in the designated frequency bands, then the Commission believes full satellite-relevant information, as required under part 25, such as a plan for orbital debris mitigation, an ITU satellite network filing, and a brief description of the coverage areas that will be served, would be necessary. The Commission seeks comment on this view. What information would need to be provided to demonstrate compliance with the technical and service rules discussed below, and in what format should that information be provided? The Commission seeks comment on these questions.

In addition, the Commission seeks comment on whether any certifications need to be provided by an applicant as part of its application to operate in any of the designated frequency bands? Is it sufficient for the applicant to certify that the space station operations in the designated frequency bands will comport with any technical parameters that the Commission adopts for such operations? In addition, is it sufficient for applicants to certify compliance with any technical and service rules adopted as part of this document, or is a demonstration of compliance necessary? The Commission seeks comment on these questions.

The Commission also seeks comment on allowing the satellite operator to choose its regulatory status as either a common carrier or non-common carrier, as is allowed under the Commission's part 25 rules and its SCS framework. Similar to the Commission's view regarding technical information, because the Commission expects that the proposed operations would be ancillary to traditional satellite frequency bands, the Commission believes that minimal conditions need be placed on satellites pursuant to such operation. The Commission seeks comment on this view. For example, such operation would automatically be extended for whatever license terms, including renewals and extensions, as approved for any other frequency bands on the satellite. However, if any satellite operator intends to launch a satellite that operates only in the designated bands, then the Commission would need to separately impose such requirements. In such cases, the Commission seeks comment on subjecting those space stations to its existing part 25 license term rules, as well as the Commission's part 25 rules governing renewals or extensions of license terms. Similarly, in such cases, the Commission seeks comment on whether the Commission's rules governing milestones and bonds for space stations should be applicable. Should any performance requirements be imposed to ensure that spectrum is intensely and efficiently used. Should milestones on when GSO and NGSO space stations must be launched and operated be imposed, and should the requirement to post a surety bond within a certain time period after grant of the license be imposed. The Commission seeks comment on these issues.

Finally, the Commission seeks comment on an alternative approach and ask whether it is feasible to create a framework for space stations authorized to communicate with devices certified under the Commission's part 15 regulatory framework similar to its ''Permitted Space Station List.'' Under such a framework, a list could be maintained on the FCC website identifying all satellites authorized to include a space station offering communication links in any of the designated frequency bands. Similarly, the Commission also seeks comment on whether a viable approach would be to adopt a rule that would permit any user equipment certified to part 15 requirements and licensed by rule to communicate with satellites on this list without further authorization from the Commission

Technical and Service Rules. In this Section III.B.3, the Commission proposes to amend its rules to permit devices to communicate with satellites in the Earth-to-space direction in the 2400–2483.5 MHz and 5725–5850 MHz bands under the same technical requirements that apply to part 15 intentional radiators. In addition, the Commission seeks comment on the general types of technical requirements that would be required for satellite communications to devices in the space-to-Earth direction in the 5725–5850 MHz band or any other frequency bands available where part 15 rules permit higher power. The Commission's intent is to enable new uses of these frequency bands without adversely impacting existing uses of the bands, both licensed and unlicensed.

Earth-to-Space. The Commission proposes to allow terrestrial devices certified as compliant with the part 15 technical requirements that operate in the 2400–2483.5 MHz and/or 5725–5850 MHz bands to communicate with satellites in the Earth-to-space direction. These rules protect authorized services from harmful interference and have enabled effective spectrum sharing between billions of unlicensed devices. The Commission proposes no increase in the maximum permissible power or antenna gain, and no changes to any of the other technical rules (*e.g.,* bandwidth, OOBE) that apply to unlicensed devices in these bands.

The Commission seeks comment on this proposal. Would allowing devices operating under the part 15 technical rules to transmit from Earth-to-space increase the likelihood of harmful interference to authorized services or adversely affect spectrum sharing by unlicensed devices? Commenters should provide specific examples and analysis to support their position. In particular, the Commission seeks comment on whether this proposed change could impact radio astronomy observations, which are carried out in specific remote, low population density areas and currently use spectrum on an opportunistic basis? What would be the impact of expanded use of the 2400–2483.5 MHz band on S/X Celestial Reference Frame observations? Are there technical measures that could address concerns about radio astronomy, such as requiring devices to incorporate a geofencing system to facilitate compatibility with radio astronomy receive sites? Are the current part 15 technical requirements suitable for communications with satellites in the Earth-to-space direction in these bands? If the Commission were to allow Earth-to-space transmissions in any frequency bands besides the three discussed above, would the current part 15 technical requirements be suitable in those bands? Should the requirements for frequency hopping and digital modulation techniques apply to devices transmitting to satellites in these bands, and if not, what requirements should apply? Are the current out-of-band emission limits adequate? How would part 15 devices determine whether they are communicating with another terrestrial device or a satellite? Would permitting communication with satellites encourage increased usage of devices at the highest permissible power level? Would this affect frequency reuse by part 15 operation and what would be the overall impact to the wide range of part 15 devices sharing these bands? Do the Commission needs to place any limitations on the operation of devices transmitting to space from high altitudes to avoid changing the interference environment, such as prohibiting operation on aircraft or unmanned aircraft systems? As the number of LEO satellites grows, what will be the expected impact on the large number of unlicensed part 15 terrestrial devices? Should the Commission require part 15 devices authorized to communicate with space stations to use a contention-based protocol, or implement other techniques to facilitate coexistence with existing and other terrestrial unlicensed devices? For example, in the Commission's 6 GHz rules, the Commission uses an automated frequency coordination (AFC) system to facilitate coexistence between low power unlicensed and higher power licensed services, including satellite earth stations. Would a similar sharing framework for coexistence between unlicensed terrestrial and NGSO earth stations facilitate a wider range of beneficial services than a framework limited to the current part 15 rules? The Commission seeks comment on these questions.

While the Commission proposes no changes to the part 15 technical requirements for devices used to communicate with satellites in the Earth-to-space direction, the Commission recognizes that there are certain tradeoffs regarding device design, simplicity, and performance for satellite communications. The current part 15 technical requirements could potentially limit or preclude certain types of satellite-based services, *e.g.,* those that require high throughput such as video transmissions, or where satellites orbit at higher altitudes above the Earth. If there is a need to enhance communication performance to enable, for example, better uplink throughput, what changes should the Commission consider? What technical rules could the Commission develop that are more tailored to satellite D2D links and that could unlock higher-value services without compromising the non-interference character of the bands? For example, should the Commission permit higher power levels than 4 watts (36 dBm) EIRP in D2D applications? Should the Commission have specific antenna requirements such as gain and directivity limits in both the horizontal and vertical planes? Since it does not appear necessary for a device that transmits to satellites passing overhead to radiate full power at all angles above the horizon, is there a need to place limits on the radiated power at lower angles above the horizon to enable more efficient use of the spectrum? If so, what antenna gain or power limits, and at what angles above the horizon, are necessary, and would such limits be practical for non-fixed devices? Could requiring devices to direct more of their energy upward potentially impact aviation or other transportation operations? Should the Commission place any additional requirements on such devices to avoid adversely affecting spectrum sharing between unlicensed devices? Could devices be designed such that they are able to use additional power or different antennas for D2D satellite communications, but revert to current part 15 limits for communicating with other terrestrial-based part 15 devices? In all cases, the Commission proposes that such operations are on an unprotected, non-interference basis. The Commission seeks comment on these questions.

Space-to-Eartth. The Commission seeks comment on the types of technical parameters that would be necessary to facilitate the sharing of spectrum between space stations communicating in the space-to-Earth direction and terrestrial operations, both licensed and unlicensed, when communicating in the designated bands (*e.g.,* the 5725–5850 MHz or other bands contemplated above) with devices that operate consistent with part 15 technical rules. Satellite downlink communications present unique characteristics that are not fully addressed by the existing part 15 rules. For instance, terrestrial devices are generally designed to receive communications from a horizontal direction with a relatively smaller footprint. Because satellites illuminate larger geographical areas than terrestrial devices, sharing between satellite downlink and terrestrial devices involves additional sharing considerations. The Commission therefore seeks comment on a number of issues to develop a record on how to enable space-to-Earth operations without causing harmful interference to authorized services or adversely affecting part 15 device operations. To develop a complete record on these issues, the Commission seeks comment with regard to all of the frequency bands contemplated above for Earth-to-space operations.

Terrestrial part 15 device coexistence with satellite operations. As evidenced by their prevalence in all facets of the Commission's lives, terrestrial devices operating under the part 15 rules provide many benefits to businesses and for personal use. The Commission's intent here is to provide more opportunities for connectivity without adversely affecting their use and ask commenters to provide analysis and data regarding the best way to achieve such coexistence. As noted in the *NPRM,* the Commission proposes to develop rules that would enable terrestrial part 15 devices to coexist with new satellite services without adverse impacts. Satellite operators could implement various methods to enable coexistence, including limiting the maximum PFD on the ground, limiting the size of the satellite beam on Earth, adhering to aggregate emission limits, and other technical limits or requirements, such as using a contention-based protocol (*e.g.,* listen-before-talk) requirement. Each of these methods is discussed in greater detail below. In considering the potential impact of satellite operations on terrestrial part 15 devices, parties should consider two important points. First, many part 15 devices are used indoors where satellite signals are significantly attenuated by buildings, so the likelihood of adverse impacts on them from new satellite operations appears low. Second, in densely populated areas there are likely to be multiple communication services available through either licensed or unlicensed access and in many cases buildings and other structures will block signals from reaching the ground, so new satellite services are unlikely to be competitive or cost effective in those areas. Thus, the Commission expects that any new satellite services in frequency bands proposed here would be used primarily outside of densely populated areas.

Power Flux Density and Antenna Beam Limits. Power flux density (PFD) limits are often used as a mechanism to facilitate spectrum sharing between satellite downlink and terrestrial services. These limits restrict the signal power a satellite is permitted to project onto the Earth's surface per unit area and bandwidth. Under part 15 of the Commission's rules, all unlicensed devices operate on non-interference basis, meaning that these devices may not cause harmful interference and must accept any interference received, including interference that may cause undesired operations. The Commission seeks comment on how this non-interference status should shape the formulation of PFD limits for satellite downlinks transmitting in the designated frequency bands.

What PFD limits would be necessary to maintain the continued operational utility of the part 15 ecosystem while protecting authorized users in the designated bands? For example, would PFD limits similar to those in part 25 be appropriate? Would these limits be sufficient to protect the incumbent federal radiolocation operations in the 5725–5850 MHz band? Could the Commission require PFD limits similar to those that the ECC specifies for space-to-Earth transmissions in the 862–870 MHz band? Would those limits be appropriate, considering that they were designed for a lower frequency range with a smaller amount of available spectrum and to protect different incumbent spectrum users? Given that the PFD on the ground varies as a function of angle above the horizon (elevation angle), and considering that the antenna gain of terrestrial devices also exhibits angular dependencies, should the PFD limit be expressed as a function of elevation angle? Would a PFD limit that is low enough to prevent harmful interference to authorized users and enable coexistence with terrestrial users be sufficient to close a link with targeted terrestrial devices, and if so, with what expected data rates? How many devices would be within a satellite downlink spot beam and how will desired communications with targeted devices impact other operators in the band? What would be the impact on frequency reuse in the band of operation and how would equipment operating under a listen-before-talk protocol be affected by satellite signals? What would be the impact on sharing protocols that have been implemented in part 15 equipment that was designed to accommodate low power short range terrestrial operations? Given that terrestrial receivers typically have antenna nulls directed toward space, could this factor allow for higher PFD limits? Should the Commission mandate specific operational requirements for satellite transmissions, such as a minimum elevation angle of operation? If the Commission were to adopt PFD limits, should those limits be codified in part 25 as with other satellite operations or in part 15? Is there an advantage to using either rule part?

As the PFD is related to a specific antenna beam or combination of beams, the Commission also seeks comment on whether the on-the-ground footprint for any given beam should be limited. Because a satellite beam illuminates much more area than a terrestrial-based antenna, the Commission seeks comment on whether it should set a maximum limit either for single entry or aggregate PFD levels from the satellite. Such a requirement could help protect terrestrial unlicensed operations from any adverse impact by limiting the level of in-band noise received by unlicensed devices. Commenters in favor of such limits should provide details both on the size and technical justification for any requested limits. Similarly, the Commission seeks comment on whether such satellite transmissions should be restricted to certain geographic areas. For example, because the Commission believes that such operations would extend the reach of devices certified to part 15 limits to areas with little or no terrestrial infrastructure, should only those areas be served by satellites operating in the designated bands? If so, how would the Commission determine those areas (*e.g.,* by population density)? The Commission seeks comment on these issues.

Aggregate Emission Limits. The Commission seeks comment on how it could address issues arising from multiple satellite constellations operated by different operators. In the Commission's recently adopted framework governing SCS, the Commission established limits in certain frequency bands on the aggregate field strength at the Earth's surface produced by all visible beams and satellites within a single constellation. Tshe Commission notes that SCS involves communications in bands that are fully licensed, while the Commission is focusing on other options such as a licensed-by-rule approach, which may result in the need for differing requirements due to factors such as the number of satellite operators and constellation sizes. Is there a need for an aggregate field strength or PFD limit to maintain the continued operational utility of the part 15 ecosystem and protect authorized users in the designated bands? If so, what should that limit be and what specific technical factors should determine it? Should there be any limit on the number of beams allowed to illuminate the same geographical area simultaneously, and what factors should be included in an aggregate calculation? Should an aggregate limit apply to each satellite system individually or to the combined energy of all satellite systems? If a limit applies collectively, how should the calculation account for multiple independent operators? How could compliance with a limit be enforced, and would this require a real-time coordination mechanism?

Out-of-Band Emission (OOBE) Limits. The Commission seeks comment on what OOBE limits would be necessary for devices operated in space-to-Earth applications in the designated bands. Should devices be required to meet the existing part 15 OOBE limits, which specify a limit of −27 dBm/MHz EIRP at 75 MHz above or below the edge of the 5725–5850 MHz band, with higher levels permitted closer to the band edge? Alternatively, should the Commission establishes a limit consistent with the part 25 rules which require specific levels of attenuation below the mean output power of the transmitter at specific frequency separations from the assigned frequency of operation? Should the Commission establishes OOBE limits in terms of PFD, and if so, how could a PFD limit be derived from the current part 15 or part 25 limit? What factors should the Commission consider in determining the appropriate emission limit? The Commission also seeks comment on whether there is a need to establish an aggregate OOBE limit as the Commission did for SCS, *e.g.,* a PFD limit of -120 dBW/m^2/MHz at 1.5 meters above ground level? In seeking comment on this issue, the Commission notes that SCS is a fully licensed service, whereas in this document the Commission have been focusing on other options such as a licensed-by-rule approach. Parties that believe that an aggregate OOBE limit is necessary should consider this distinction and should also address the issues described above concerning aggregate in-band limits.

Other Technical Requirements. The Commission seeks comment on whether all of the technical limits that currently apply to terrestrial operations under the part 15 rules should apply to devices used for space-to-Earth transmissions. For example, should the Commission applies the existing minimum bandwidth, frequency hopping, and power spectral density rules to devices operated on satellites? Are there provisions in the existing technical rules that could hinder satellite uses? Are there any additional requirements that would be necessary to prevent harmful interference to authorized services such as radio astronomy observations as discussed above or to better enable coexistence with existing unlicensed applications? For example, is there a need for limits on frequency stability, transmit duty cycle, or maximum bandwidth? Should the Commission require a contention-based protocol mechanism whereby a satellite contends for terrestrial spectrum usage before transmission and possibly limits or modifies its transmissions based on the amount of available spectrum? Noting the longer transmission paths to satellites compared to terrestrial-only operations, advocates for using a contention-based-protocol should address what requirements would be necessary and how it could work given that disparity. Could terrestrial devices implement the contention-based-protocol sensing and relay that information to a satellite? In such a scenario, do the protocols support any scheduling mechanisms which can account for the differences in transmission time to avoid packet collisions? If multiple parties develop satellite systems that share spectrum, is there a need for time synchronization between time division duplex (TDD) systems, or frequency usage between frequency division duplex (FDD) systems, and if so, how could that be accomplished? If existing technical limits are insufficient or additional requirements appear necessary, commenters should offer specific suggestions for modifications, including a justification for why those changes are needed.

Equipment Authorization. Part 15 intentional radiators must generally be approved under the equipment certification procedure. This procedure requires that equipment be tested at an FCC-recognized accredited laboratory to demonstrate that it complies with the requirements in the rules, and then approved by an FCC-designated Telecommunication Certification Body. A certification requirement also applies to terrestrial transmitting devices under the part 22, 24, and 27 rules, as well as portable earth station transceivers under the part 25 rules. Equipment used on satellites for space-to-Earth transmissions must be licensed by the Commission under part 25 and must comply with all requirements and conditions of the license, but it does not go through an equipment certification process.

Under the SCS framework, the Commission requires that terrestrial wireless equipment operating under at least one of parts 22, 24, or 27 that also communicates with a satellite must be certified as a satellite earth station under part 25. The Commission also established a streamlined process for applicants to expand existing part 22, 24, and 27 equipment certifications to include part 25.

The Commission does not propose any changes to the existing requirement that intentional radiators operating under the part 15 rules must generally be certified before they can be imported, marketed and operated, nor do the Commission proposes any changes concerning equipment it has included on the Covered List of equipment it has determined to pose an unacceptable risk to the national security of the United States or the security and safety of United States persons. However, the Commission seeks comment on whether there is a need to adopt any additional requirements for terrestrial devices that comply with the part 15 rules and are intended to communicate with satellites. Specifically, is there any need for devices that are designed to comply with part 15 technical requirements, but also intended to communicate with satellites under the framework proposed herein, to also be certified under part 25? If the Commission were to require a part 25 certification in addition to a part 15 certification, the Commission proposes that it would be applied only to new equipment authorizations or authorizations being updated through the permissive change process. Equipment already certified for part 15 would be permitted to communicate with satellites under their existing equipment authorizations. What would be the benefits of that requirement to consumers and the Commission, and would these benefits outweigh the burdens of requiring an additional certification? In this context, to simplify the certification process the Commission proposes that no additional device testing would be necessary to obtain the part 25 certification in addition to the part 15 certification, and that simply meeting the part 15 technical rules would render the device also eligible for the part 25 certification. The Commission seeks comment on this proposal. In particular, the Commission seeks comment on how such an approach might or might not work if the Commission were to modify certain rules either for terrestrial or space-based equipment (*e.g.,* power, out-of-band-emissions, and antenna gain) to facilitate communications between these terrestrial devices and satellites. Are there options for permitting or requiring different approaches based on the authorization framework—*i.e.,* fully licensed versus licensed by rule versus unlicensed? In addition, the Commission seeks comment on how various equipment certification requirements combined with different authorization requirements and the Commission's prospective application of the certification requirements have implications for currently certified equipment that also meets the criteria for covered equipment on the Commission's Covered List as such equipment is not eligible for new certifications or permissive changes. Are there alternative approaches that would be simpler, and if so, what would they be? Are any specific requirements necessary beyond the existing part 15 certification requirements, and if so, how could the Commission make these the least burdensome possible?

International Issues. The Commission seeks comment on how the framework discussed in this document for permitting devices that meet part 15 technical parameters to communicate with satellites could be implemented consistent with international obligations of the United States as a Member State of the International Telecommunication Union (ITU).

ITU. The United States is a Member State of the ITU. As an ITU Member State, the United States adheres to the ITU Radio Regulations. Under the framework discussed above, the Commission seeks comment on authorizing space stations and earth stations to operate in certain frequency bands where part 15 devices are permitted to operate with higher power pursuant to a satellite allocation in the United States, but also on an unprotected, non-interference basis. While adding a satellite allocation to the designated bands would render such operations consistent with the United States Table, these operations would not conform with the International Table which does not currently include such satellite allocations, and operation, particularly with respect to the potential for harmful interference to or from cross-border stations, would be governed by ITU Radio Regulation No. 4.4. This provision states that ‘‘Administrations of the Member States shall not assign to a station any frequency in derogation of either the Table of Frequency Allocations in this Chapter or the other provisions of these Regulations, except on the express condition that such a station, when using such a frequency assignment, shall not cause harmful interference to, and shall not claim protection from harmful interference caused by, a station operating in accordance with the provisions of the Constitution, the Convention and these Regulations.'' Accordingly, the Commission seeks comment on what steps should be taken to ensure that any frequency assignments that are made as a result of this document that are not consistent with the International Table do not cause harmful interference to, or result in claims of protection from harmful interference from, stations that are operating in accordance with ITU provisions, including the International Table. The framework discussed above includes requiring that operations be conducted on an unprotected, non-interference basis, in both the Earth-to-space and space-to-Earth directions. In addition, it envisions requiring that appropriate materials be submitted to the ITU as part of any space station application that seeks to operate in bands available for unlicensed devices in addition to operations in bands licensed for traditional satellite services. The Commission seeks comment on how these requirements can be implemented consistent with the Commission's obligations under the ITU Constitution and Convention, including those pertaining to the ITU Radio Regulations, particularly ITU Radio Regulation No. 4.4. The Commission also seeks comment on what analyses or other showings could be required as part of a space station application to demonstrate that the operations would not cause harmful interference to stations operating in accordance with the ITU Radio Regulations. In addition, to the extent that space station applicants licensed under part 25 of the Commission's rules plan to communicate with areas outside of the United States, pursuant to a market access authorization issued by another jurisdiction, the Commission seeks comment on what measures should be disclosed as part of the application to eliminate immediately any harmful interference concerns. Should the authorization include a condition that communications with areas outside of the United States are only permitted if the governing administration has authorized such communications and must be subject to that authorization? Should documentation of such authorization be provided to the Commission prior to when a United States-licensed space station begins operations in an area outside of the United States?

International Harmonization. We also seek comment on what measures could be taken to promote international harmonization, particularly with Canada and Mexico. Although the framework discussed in this document would authorize satellite communications in the United States only, a United States satellite license includes all operations of that United States-licensed space station—including authorization of transmission or reception at the space station to/from stations located outside of the United States. As observed in the SCS proceeding, such communications are subject to the laws, regulations, and requirements of any country in connection with communications in that country, including but not limited to, authorization to communicate with earth stations in that jurisdiction. The Commission seeks comment on whether United States-authorized space stations that can be used to communicate with equipment meeting part 15 technical parameters (or the foreign equivalent) outside of the United States should require a licensee to ensure that all of its operations are duly authorized by the country in which such communications will occur and that it will satisfy all terms and conditions of any foreign license or authorization, as was adopted for SCS.

National Security Issues. The Secure Networks Act is designed to protect the nation's communications infrastructure from foreign security threats. It established a comprehensive framework to identify, block, and remove untrusted equipment from American networks. The Secure Networks Act requires the Commission to publish a list of equipment and services that pose ''an unacceptable risk to the national security of the United States or the security and safety of United States persons'' based on specific determinations made by certain enumerated sources (Covered List). Through the Secure Equipment Act, Congress directed the Commission to ''no longer review or approve any application for equipment authorization for equipment that is on the [Covered List][.]'' In the *EA Security R&O and FNPRM* (insert FR cite, date publish), the Commission established several new rules to prohibit authorization of equipment identified on the Commission's Covered List developed pursuant to the Secure Networks Act. In the *EA Security Second R&O and FNPRM,* the Commission provided further guidance on the prohibition on authorization of covered equipment, prohibited the authorization of devices that contain certain component parts identified on the Covered List, and adopted a procedure to implement prohibitions on the continued importation and marketing of previously authorized covered equipment.

The Commission seeks comment on national security concerns associated with any of the proposals above. Would permitting satellites that can transmit and/or receive in frequency bands available under the part 15 rules pose any national security concerns? As discussed above, any proposed new satellite operations would fall under a part 25 authorization framework. Would the part 25 space station licensing framework sufficiently address potential national security concerns? If not, what new types of concerns would be raised? Would allowing satellite uplink or downlink operations in frequency bands that are widely used by part 15 unlicensed devices provide any new openings for bad actors to exploit or state sponsored espionage? Are there devices (including modules) or classes of devices that should be prohibited from communicating with satellites? Would there be national security risks posed by such communication with devices that have already been granted equipment authorizations? What steps could the Commission take to address any potential new national security concerns?

Similarly, the Commission seeks comment on whether allowing terrestrial equipment that communicates with satellites in frequency bands available under part 15 raises any new national security issues that the Commission needs to address. Is there a need to require manufacturers to take any additional steps to secure their equipment, and if so, what steps would be necessary? Would the Commission need to place additional requirements on certain types of equipment or certain manufacturers to address any national security concerns?

The Commission notes it has acknowledged that Covered List entities could operate in a manner analogous to blanket domestic section 214 authority by offering non-common carrier service without advance review by the Commission if they use equipment that meets the technical criteria of the Commission's Part 15 rules. Could expanding the Part 15 rules to allow for satellite D2D as discussed herein inadvertently facilitate Covered List entities' ability to offer non-common carrier service by means of satellite technology? Should the Commission explicitly exclude entities identified on the Covered List from, by default, being able to offer service to the public or other third parties by utilizing unlicensed operations enabled by satellite? Should Covered List entities be explicitly prohibited from any non-Part 15 licensing framework discussed above, such as license-by-rule or blanket licenses for earth stations or receive-only space stations?

Within Spacecraft. Various devices that operate under part 15 of the rules, particularly those containing transmitters such as Wi-Fi or Bluetooth, can prove useful for essential functions on the growing number of crewed missions. For example, laptop computers can be used in scientific experiments, for communication with other personnel, and for entertainment purposes on long missions. Smartphones can be used for taking pictures and also for communicating with families on earth and smart watches can monitor the health of the space crews while using Wi-Fi or Bluetooth protocols. The part 15 rules do not specifically prohibit or allow the use of these devices within spacecraft. Today, these devices are allowed to be used by astronauts in the ISS via close coordination with NASA. A list of devices that will be brought onto the ISS is provided to the FCC before each mission and the Office of Engineering and Technology of the FCC confirms that these devices are certified and compliant to the part 15 rules. NASA administers the overall process for the electronic devices that can be brought into the ISS.

To provide clarity on the requirements for unlicensed devices aboard spacecraft, the Commission proposes to modify the part 15 rules to confirm that the operation of certified unlicensed devices within spacecraft is a permissible use, subject to any other applicable restrictions, such as those of federal agencies and international treaties. The Commission is limiting this proposal to operation within spacecraft because the Commission believes that there are a number of factors that make the potential interference from part 15 devices within spacecraft to authorized users of the spectrum on earth extremely unlikely. For example, the distance separation from Earth will significantly attenuate any signals from a spacecraft, thus significantly reducing the potential to cause harmful interference to authorized services on Earth. Also, the spacecraft shielding that protects occupants and equipment inside from radiation and temperature extremes will also act as RF shielding to severely attenuate signals radiating outside of the spacecraft. The Commission seeks comment on these views.

Operation of part 15 devices on board spacecraft would be subject to the same non-interference requirement in section 15.5 as terrestrial devices. Unintentional radiators emit significantly lower signal levels than intentional radiators, so unintentional radiators used within spacecraft will have an even lower potential for causing harmful interference than intentional radiators. The Commission is therefore proposing to confirm that the use of unintentional radiators within spacecraft is also a permissible use under part 15 of the rules. The proposed changes would benefit crew members and passengers by making clear that both intentional and unintentional radiators, such as smartphones, smart watches, notebooks and tablets, could be operated within spacecraft, subject to any other applicable restrictions, such as those of federal agencies and international treaties. The Commission emphasizes that this proposal applies solely to operation within a spacecraft, such as a wireless connection from a portable device to a wireless access point within a spacecraft.

The Commission proposes to add a new section to part 15 confirming that the operation of intentional and unintentional radiators that comply with the technical and authorization requirements is permissible within spacecraft (*i.e.,* within a fully shielded environment, but remains subject to any other requirements for equipment used in space. For example, the Commission could as part of its part 25 licensing process impose requirements, such as specific limitations on the types of equipment or operating frequencies that can be used on board spacecraft. Does the Commission's proposal sufficiently limit the likelihood of harmful interference to authorized services on Earth? Are the current part 15 rules sufficiently protective in this scenario? Should the Commission limit the types of devices that can be operated on spacecraft? Do the Commission needs to place restrictions on the frequency bands in which they can operate, and if so, in which bands? Conversely, does the fact that devices would operate within an enclosed spacecraft mean that the Commission could in some cases permit higher power or other types of operations not currently permitted under the part 15 rules? If so, what particular technical requirements could be modified? Should the Commission consider a different interference management policy for part 15 devices operating within spacecraft than for terrestrial operation? If so, how can such processes be managed? How could the Commission ensures that equipment specifically designated for use within a spacecraft which might have different operating parameters from terrestrial based devices are not used on Earth where the potential for causing harmful interference might be much greater than within a controlled spacecraft environment?

Extravehicular Activity (EVA) and Communications Between Spacecraft. The Commission seeks comment on what rule changes it could make to facilitate extravehicular activity (EVA) and communications between spacecraft or other space-based devices (*e.g.,* equipment used for in-space servicing, assembly, and manufacturing (ISAM) applications) to support developing space industries. The types of applications that might be used in EVA and communications between spacecraft could include voice, video, and data communications, especially for use of robotic arms and other apertures, and could also include radars and field disturbance sensors to help locate and position personnel, spacecraft, satellites, or other objects. The Commission seeks comment on this assessment and what other types of applications for EVA and communications between spacecraft could use equipment operating in the bands available for part 15 devices.

The Commission believes that unlicensed devices could play a pivotal role in unleashing new applications related to ISAM. The Commission seeks comment on this view. The Commission, in 2024, issued a Notice of Proposed Rulemaking that proposed a new framework for licensing space stations engaged in ISAM. ISAM refers to a set of capabilities used in-orbit, on the surface of space objects and celestial bodies, and in transit between these regimes. The Commission seeks comment on the potential use of devices operating under the part 15 technical requirements for various uses, including EVA and communications between spacecraft, that may be considered as part of ISAM capabilities.

While the Commission recognizes the potential benefits of making more spectrum available for EVA and communications between spacecraft, the Commission will not at this time propose specific rule changes to facilitate these applications for devices operating under the part 15 rules. Devices must operate under the part 15 rules on a non-interference basis, and transmissions from space can potentially impact terrestrial operations over a wide area. However, to build a record on the possibility of using frequencies available under part 15 for EVA and communications between spacecraft, the Commission is seeking comment on a number of issues, including potential frequency bands, power levels, antenna requirements, and other technical issues. The Commission also seeks comment on whether there are any international treaties or agreements that must be considered in permitting communications in space in these frequency bands, as discussed above in the context of Earth-to-space and space-to-Earth transmissions in these bands.

The Commission seeks comment on the frequency bands that could be used for communications or other transmissions (*e.g.,* field disturbance sensors, radars, Ultra-Wideband devices) in EVA and between spacecraft. Would any of the currently available frequency bands described above be suitable? Are there other frequency bands that could be used for these purposes? Are there certain frequency bands that should be excluded, such as the current part 15 restricted bands or bands with satellite allocations, and why? What is the potential for harmful interference to authorized services or adverse impacts to other part 15 intentional radiators, either in space or on Earth? Could potential interference be mitigated through appropriate antenna pattern design or other approaches? If so, what specific antenna characteristics are necessary? With respect to power levels and OOBE limits, the Commission notes that the current part 15 rules were developed for a terrestrial environment that has significantly more clutter losses than the space environment, as well as significant temperature and other differences. With that in mind, the Commission seeks comment on whether the current power and antenna gain limits are suitable. Are the current OOBE limits adequate to prevent harmful interference? Do any of these parameters need to be adjusted for operation in the space environment? Commenters should provide specific technical proposals as well as reasoning for each to justify any recommended changes. Would enough devices operate in this scenario such that the Commission should consider an aggregate interference limit for them? Would any additional requirements for devices operated in EVA or communications between spacecraft be necessary to limit the likelihood of harmful interference, such as antenna directivity requirements or limits on the operational time in orbit?

Unintentional Radiators. While many commonly used part 15 devices are intentional radiators, part 15 also requires unintentional radiators to comply with emission limits. Unintentional radiators include computers and other devices with digital circuitry that generate and use high frequency timing signals, power supplies associated with computers and digital devices, as well as radio receivers that generate radio frequency signals used in their tuning circuitry. The Commission is aware of reports of satellites emitting signals that are impacting ground based receivers, and may possibly be impacting other satellites as well. For example, some parties state that they have detected both wideband and narrowband signals from a satellite constellation at frequencies between 40 and 70 MHz and between 110 and 188 MHz. These reports suggest that the signals in question are being generated unintentionally, such as through power supplies or digital circuitry. The International Telecommunication Union (ITU) Working Party 7D is currently studying this issue. Depending on the source of the signals that various parties have observed, it is possible that they are of a type that would be subject to the part 15 unintentional radiator limits in terrestrial-based equipment.

The Commission seeks comment on the issue of unintentional emissions generated by satellites or other spacecraft. What is the extent of the observed problems? What types of ground-based services are being impacted and where? Are unintentional emissions from satellites and spacecraft affecting radio astronomy observations? Are there also concerns about effects to satellite systems in orbit and if so, which ones? What is the likely source of the unintentional emissions in question? Are there any observed problems that seem to be worsening over time? Does there appear to be a need for actions to reduce unintentional emissions from satellites or other spacecraft? If so, what actions could be taken? As noted above, the environmental differences create disparities in signal attenuation between those emanating from space and those being transmitted from terrestrial-based stations. If the Commission were to require unintentional radiators operating in space to comply with emission limits, would the current part 15 unintentional radiator limits be appropriate? Do they cover the required frequency range, or would the Commission needs higher or lower frequency cutoffs for measuring radiated emissions, *e.g.,* at frequencies below 30 MHz? Are the part 15 emission limits sufficiently protective to prevent harmful interference to potentially impacted services or would the Commission needs tighter limits in any frequency ranges? If so, in what instances and frequency bands would this be necessary, and what limits should apply? Due to the potentially large number of devices that could be emitting simultaneously, would the Commission needs to consider aggregate interference from unintentional radiators in space? If so, how could the Commission set and enforce aggregate interference limits?

Costs and Benefits. The Commission estimates that the economic benefits of the proposed rule changes to enhance space-based communications for part 15 devices will substantially outweigh the costs, which the Commission expects to be minimal. The Commission seeks comment on this view. The expanded ability to use part 15 devices for Earth-to-space applications could result in new and innovative wireless communication products and services by lowering barriers to entry. For example, Hubble and Spire were granted satellite licenses in the 2400–2483.5 MHz band through the grant of a waiver of the Commission's rules, whereas the proposed rules changes could eliminate the need for such waivers and lower entry barriers for new technologies. The Commission lacks information to precisely estimate the economic value of these yet-to-be developed new products and services, but the Commission expects that such uplinking capabilities could be valuable for IoT services, especially in rural areas. The Commission seeks comment on this expectation. In addition, the Commission's proposal to formally allow part 15 devices to communicate within spacecraft could eliminate the current practice of ad hoc approvals for each within-space vehicle use of devices like laptops. The Commission judges the cost of these approvals to be modest given that allowing earth-to-space communications in these bands are not expected to change the interference environment for other licensed or unlicensed users of these bands. The Commission seeks comment on this assumption. The proposed rule changes allowing EVA and communications between spacecraft could foster innovation and encourage the development of new services, including in-space servicing, assembly, and manufacturing. Finally, the proposed rules might aid in managing interference from unintentional radiators either withing spacecraft or more broadly.While the Commission lacks information to precisely quantify each of these benefits, in terms of relative magnitudes, the Commission expects the most benefits to flow from Earth-to-space applications, since the user base of part 15 Earth-based devices is larger than the user base of devices in spaces. The Commission seeks comment on this judgment, in addition to data and quantitative estimates on the magnitude of benefits. The Commission seeks information about potential new applications in Earth-to-space, within spacecraft, for EVA, and between spacecraft communications that may generate such benefits. Of particular interest would be estimates of the potential number of users and devices impacted and the magnitudes of use of these new applications.

The Commission recognizes that rule changes to allow part 15 space-to-Earth communications may have substantial benefits due to the large number of terrestrial part 15 devices that could benefit from such communications without the requirement for new hardware. However, the Commission also recognizes there are potentially significant technical challenges in minimizing interference issues with other licensed and unlicensed devices for any new space-based communications in these bands. Implementation will require careful consideration of technical safeguards, including power flux density limits, out-of-band emission controls, and potentially aggregate interference limits to ensure coexistence with incumbent services and terrestrial part 15 operations. In addition, coordination with international obligations under the ITU Radio Regulations and the Outer Space Treaty will be necessary to avoid creating harmful interference for devices authorized in other countries and to ensure space station operators conform with all relevant international requirements. Benefits of any part 15 rule change for space-to-Earth communications will therefore be dependent on their exact technical implementation and whether the potential interference issues with terrestrial devices can be resolved. As the Commission proposes no rule changes for part 15 space-to-Earth communications here and lack information on how part 15 space-to-Earth communications would be implemented, the Commission does not estimate expected benefits at this time. However, the Commission seeks information on how part 15 space-to-Earth communications would be implemented and estimates of the potential number of users and devices impacted and the benefits that may flow from these new applications.

The Commission estimates costs of the proposed part 15 rule changes to be minimal or non-existent. The Commission seeks comment on this view. The Commission expects that the proposed rule changes here and in any future proposal will not disturb incumbent use of the associated spectrum and that frequency interference will be minimal to non-existent. The Commission seeks comment on this expectation. The rule changes for Earth-to-space and within spacecraft communication simply remove a purely regulatory ban on a technical capability to receive signals that satellites have always had. The Commission expects final rules changes for EVA and between spacecraft communications to minimize interference with incumbent users. Costs may increase with compliance obligations may also increase for some stakeholders. For example, the Commission seeks comment on whether part 15 devices intended to communicate with satellites should also obtain certification under the Commission's part 25 licensing rules. However, the Commission expects that these compliance costs would be relatively small and invoked on a largely voluntary basis. As voluntary actions, the compliance costs would then be outweighed by private value-added from the newly certified uses. The Commission seeks comment on the expectation of minimal or no cost impact, especially with regards to expanded Space-to-Earth interference and potential interference concerns. The Commission also seek information on costs of these proposed rule changes in the form of data and quantitative estimates.

Ordering Clauses

It is ordered, pursuant to the authority found in sections 4(i), 301, 302, 303, and 307 of the Communications Act of 1934, as amended, 47 U.S.C. 154(i), 301, 302a, 303, 307, that the *Notice of Proposed Rulemaking is hereby adopted.*

It is further ordered that the Commission's Office of the Secretary, *shall send* a copy of the *Notice of Proposed Rulemaking,* including the Initial Regulatory Flexibility Analysis, to the Chief Counsel for the Small Business Administration (SBA) Office of Advocacy.

List of Subjects in 47 CFR Part 2

Communications, Communications equipment, Satellites, Telecommunications.

Federal Communications Commission.

Marlene Dortch,

Secretary.

Appendix A

Proposed Rules

For the reasons discussed in the document above, the Federal Communications Commission proposes to amend part 2 of Title 47 of the Code of Federal Regulations as follows:

PART 2—FREQUENCY ALLOCATIONS AND RADIO TREATY MATTERS; GENERAL RULES AND REGULATIONS

■ 1. The authority citation for part 2 continues to read as follows:

Authority: 47 U.S.C. 154, 302a, 303, and 336, unless otherwise noted.

■ 2. Amend § 2.106 by adding paragraph (d)(36) to read as follows:

§ 2.106 Table of Frequency Allocations.

* * * * *

(d) * * *

(36) NG36 The bands 2400–2483.5 MHz and 5725–5850 MHz may be used by non-Federal stations in the mobile-satellite service (Earth-to-space) on an unprotected and non-interference basis and subject to the Commission's rules in part 25 of this chapter.

* * * * *

[FR Doc. 2026–18282 Filed 9–4–26; 8:45 am]

BILLING CODE 6712–01–P

Notices

Federal Register
Vol. 91, No. 172
Tuesday, September 8, 2026

DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service

[Doc. No. AMS–LP–25–0485]

United States Standards for Grades of Carcass Beef

AGENCY: Agricultural Marketing Service, USDA.

ACTION: Notice; extension of comment period for request for comments on beef grade standards.

SUMMARY: The U.S. Department of Agriculture's (USDA) Agricultural Marketing Service (AMS) is extending the public comment period by 90 days on its Request for Information (RFI) concerning revisions to the United States Standards for Grades of Carcass Beef. Stakeholders requested additional time to allow for the completion of research on dentition given that AMS is seeking comments on eliminating the skeletal maturity requirement for carcasses determined by dentition, or documents verifying age, to be under 30 months of age.

DATES: The comment period for the document originally published on July 8, 2026, (91 FR 42172) is extended 90 days. Comments must be submitted on or before December 7, 2026.

ADDRESSES: Interested persons are invited to submit comments electronically at *https://www.regulations.gov*, or to Chad Nelson, 451 East Deere Street, West Point, NE 68788. All comments should reference docket number AMS–LP–25–0485, the date of submission, and the page number of this issue of the **Federal Register**. All comments received will be posted without change, including any personal information provided.

FOR FURTHER INFORMATION CONTACT: For additional information, please contact Chad Nelson, National Meat Supervisor, Livestock and Poultry Program, phone (402) 281–8704; or email at *chad.nelson2@usda.gov*.

SUPPLEMENTARY INFORMATION: An RFI published in the **Federal Register** on July 8, 2026 (91 FR 42172), seeks public feedback on revisions to grade standards for beef including whether the skeletal maturity requirement should be eliminated for carcasses determined by dentition, or documents verifying age, to be under 30 months of age.

The RFI established a 60-day comment period, ending September 8, 2026. During the initial comment period, AMS received requests from stakeholders for an extension of 90 days. Additional time would allow for the completion of ongoing dentition research and for the review of resulting data and scientific information to inform comments.

AMS is extending the comment period for the RFI by an additional 90 days. Comments must be submitted on or before December 7, 2026.

Melissa Bailey,

Associate Administrator, Agricultural Marketing Service.

[FR Doc. 2026–18218 Filed 9–4–26; 8:45 am]

BILLING CODE P

DEPARTMENT OF AGRICULTURE

Food Safety and Inspection Service

[Docket No. FSIS–2026–0167]

Notice of Request To Renew an Approved Information Collection: Mechanically Tenderized Beef Products

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

ACTION: Notice and request for comments.

SUMMARY: In accordance with the Paperwork Reduction Act of 1995 and Office of Management and Budget (OMB) regulations, FSIS is announcing its intention to request renewal of the approved information collection regarding the labeling requirements for mechanically tenderized beef products. There are no changes to the information collection. The current approval will expire on June 30, 2027.

DATES: Submit comments on or before November 9, 2026.

ADDRESSES: FSIS invites interested persons to submit comments on this **Federal Register** notice. Comments may be submitted by one of the following methods:

• *Federal eRulemaking Portal:* This website provides commenters the ability to type short comments directly into the comment field on the web page or to attach a file for lengthier comments. Go to *https://www.regulations.gov.* Follow the online instructions at that site for submitting comments.

• *Mail:* Send to Docket Clerk, U.S. Department of Agriculture, Food Safety and Inspection Service, 1400 Independence Avenue SW, Mailstop 3758, Washington, DC 20250–3700.

• *Hand- or Courier-Delivered Submittals:* Deliver to 1400 Independence Avenue SW, Jamie L. Whitten Building, Room 350–E, Washington, DC 20250–3700.

Instructions: All items submitted by mail or electronic mail must include the Agency name and docket number FSIS–2026–0167. Comments received in response to this docket will be made available for public inspection and posted without change, including any personal information, to *https://www.regulations.gov.*

Docket: For access to background documents or comments received, call (202) 286–2255 to schedule a time to visit the FSIS Docket Room at 1400 Independence Avenue SW, Washington, DC 20250–3700.

FOR FURTHER INFORMATION CONTACT: Gina Kouba, Office of Policy and Program Development, Food Safety and Inspection Service, USDA, 1400 Independence Avenue SW, Mailstop 3758, South Building, Washington, DC 20250–3700; 202–720–5046.

SUPPLEMENTARY INFORMATION:

Title: Mechanically Tenderized Beef Products.

OMB Number: 0583–0160.

Type of Request: Renewal of an approved information collection.

Abstract: FSIS has been delegated the authority to exercise the functions of the Secretary (7 CFR 2.18, 2.53), as specified in the Federal Meat Inspection Act (FMIA) (21 U.S.C. 601, *et seq.*). This statute mandates that FSIS protect the public by verifying that meat products are safe, wholesome, and properly labeled.

FSIS is requesting renewal of the approved information collection regarding the labeling requirements for mechanically tenderized beef products. There are no changes to the information collection. The current approval will expire on June 30, 2027.

FSIS regulations require the use of the descriptive designation ''mechanically tenderized'' on the labels of raw or partially cooked needle or blade tenderized beef products, including beef products injected with marinade or solution, unless these products are to be fully cooked at an official establishment (9 CFR 317.2(e)(3)(i)). The Agency also requires that the product name for the beef products include the descriptive designation ''mechanically tenderized'' and an accurate description of the beef component (9 CFR 317.2(e)(3)(i)).

Establishments using these labels are not required to submit them to FSIS for prior approval, provided the labels meet the criteria for generic approval outlined in 9 CFR 412.2. These establishments must still comply with all labeling requirements, including validated cooking instructions, as specified in 9 CFR 317.2(e)(3). The labeling and recordkeeping activities associated with these requirements are included in the estimated information collection burden. Retail facilities using these labels likewise do not need to submit them to FSIS for approval before use.

FSIS has made the following estimates based upon an information collection assessment:

Estimated annual number of respondents: 555.

Estimated average number of responses per respondent: 61.

Estimated annual number of responses: 33,804.

Estimated total annual burden on respondents: 21,833 hours.

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. Copies of this information collection assessment can be obtained from Gina Kouba, Office of Policy and Program Development, Food Safety and Inspection Service, USDA, 1400 Independence Avenue SW, Mailstop 3758, South Building, Washington, DC 20250–3700; 202–720–5046.

Comments are invited on: (a) whether the proposed collection of information is necessary for the proper performance of FSIS' functions, including whether the information will have practical utility; (b) the accuracy of FSIS' estimate of the burden of the proposed collection of information, including the validity of the method 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, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques, or other forms of information technology. Comments may be sent to both FSIS, at the addresses provided above, and the Desk Officer for Agriculture, Office of Information and Regulatory Affairs, OMB, Washington, DC 20253.

Additional Public Notification

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

FSIS will also announce and provide a link to this **Federal Register** publication through the FSIS Constituent Update, which is used to provide information regarding FSIS policies, procedures, regulations, **Federal Register** notices, FSIS public meetings, and other types of information that could affect or would be of interest to our constituents and stakeholders. The Constituent Update is available on the FSIS web page. Through the web page, FSIS can provide information to a much broader, more diverse audience. In addition, FSIS offers an email subscription service that provides automatic and customized access to selected food safety news and information. This service is available at: *https://public.govdelivery.com/accounts/USFSIS/subscriber/new.*

The available information ranges from recalls to export information, regulations, directives, and notices. Customers can add or delete subscriptions themselves and have the option to password protect their accounts.

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

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

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Jeremy Reed,

Associate Administrator.

[FR Doc. 2026–18231 Filed 9–4–26; 8:45 am]

BILLING CODE 3410–DM–P

DEPARTMENT OF AGRICULTURE

Foreign Agricultural Service

Notice of Request for Approval of an Existing Information Collection in Use Without an Office of Management and Budget Control Number

AGENCY: Foreign Agricultural Service, USDA.

ACTION: Notice of information collection; request for comments.

SUMMARY: In accordance with the Paperwork Reduction Act of 1995, this notice announces the intention of the Foreign Agricultural Service (FAS) to request approval for an existing collection in use without an Office of Management and Budget (OMB) control number for the Scientific Exchanges Program.

DATES: Comments on this notice must be received by November 9, 2026 to be assured of consideration.

ADDRESSES: You may send comments, identified by OMB Control Number 0551–0054, by any of the following methods:

• *Federal eRulemaking Portal: http://www.regulations.gov.* This portal enables respondents to enter short comments or attach a file containing lengthier comments.

• *Email: scientificexchanges@usda.gov.* Include OMB Control Number 0551–0054 in the subject line of the message.

• *Mail, Courier, or Hand Delivery:* Giovanna Casas Reyes, U.S. Department of Agriculture, Foreign Agricultural Service, 1400 Independence Avenue SW, Room 6609, Washington, DC 20250.

Instructions: All submissions received must include the agency names and OMB Control Number for this notice. All comments received will be posted without change to *http://www.regulations.gov,* including any personal information provided.

FOR FURTHER INFORMATION CONTACT: *scientificexchanges@usda.gov.*

SUPPLEMENTARY INFORMATION:

Title: Scientific Exchanges Program application.

OMB Number: 0551–0054.

Expiration Date of Approval: Three years from approval date.

Type of Request: Existing collection in use without an OMB control number.

Abstract: The Scientific Exchanges Program (SEP) supports USDA's agricultural research goals of promoting collaborative programs among agricultural professionals of eligible countries, agricultural professionals of the United States, the international agricultural research system, and U.S. entities conducting research. SEP helps eligible countries by providing scientific training and collaborative research opportunities to early and mid-career scientists, researchers, and policymakers.

To achieve its objectives, SEP relies on the solicitation for qualified program applicants through a written application. FAS Posts provide this application to potential Fellows to assist in determining the adequacy of their candidacy alongside FAS Washington. The application is designed to capture the professional status of the applicant, the applicant's personal contact information, and the applicant's suitability for the program. Thus, the SEP application is an integral tool to Fellowship Programs Division and FAS' strategic goals at large.

In addition to information related to program objectives, the SEP application collects information that may be considered Personal Identifiable Information (PII), including the following: first name, middle name, last name, gender, salutation, birth date, birth city, citizenship country, country of residence, work phone, permanent home address, work address, personal email, work email, and emergency contact information (family contact: name, relationship, home phone, cell phone, and email).

Estimate of Burden: The public reporting burden for each respondent resulting from information collection under SEP varies in direct relation to the number of fellowships that each respondent participates in.

Type of Respondents: Individuals.

Estimated Number of Respondents: 165 per annum.

Estimated Number of Responses per Respondent: 1 per annum.

Estimated Total Annual Burden of Respondents: 165 hours per annum.

Copies of this information collection can be obtained from Kenneth Vernon, the Agency Information Collection Coordinator, at *Kenneth.vernon@usda.gov.*

Request for Comments: Send comments regarding (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 collection of information including validity of the methodology and assumption 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 automated, electronic, mechanical, or other technological collection techniques or other forms of information technology.

All comments received in response to this notice, including names and addresses when provided, will be a matter of public record. Comments will be available without change, including any personal information provided, for inspection online at *http://www.regulations.gov* and at the mail address listed above between 8:00 a.m. and 4:30 p.m., Monday through Friday, except holidays.

Comments will be summarized and included in the submission for OMB approval.

Persons with disabilities who require an alternative means for communication of information (Braille, large print, audiotape, etc.) should contact *FAS-ReasonableAccommodation@usda.gov.*

Daniel B. Whitley,

Administrator, Foreign Agricultural Service.

[FR Doc. 2026–18221 Filed 9–4–26; 8:45 am]

BILLING CODE 3410–10–P

DEPARTMENT OF AGRICULTURE

Forest Service

Proposed Recreation Fee Sites

AGENCY: Forest Service, USDA.

ACTION: Notice.

SUMMARY: The Green Mountain and Finger Lakes National Forests are proposing to establish several recreation fee sites. Proposed recreation fees collected at the proposed recreation fee sites would be used for operation, maintenance, and improvement of the sites. An analysis of nearby recreation fee sites with similar amenities shows that the proposed recreation fees are reasonable and typical of similar recreation fee sites.

DATES: If approved, the proposed recreation fees would be established no earlier than six months following the publication of this notice in the **Federal Register**.

ADDRESSES: Green Mountain and Finger Lakes National Forests, Attention: Recreation Fees, 4387 U.S. Route 4 East, Mendon, VT 05701.

FOR FURTHER INFORMATION CONTACT: Holly Knox, Public Services Staff Officer, (802) 747–6724, *holly.knox@usda.gov.*

SUPPLEMENTARY INFORMATION: The Federal Lands Recreation Enhancement Act (16 U.S.C. 6803(b)) requires the Forest Service to publish in the **Federal Register** a six-month advance notice before establishment of proposed recreation fee sites. In accordance with Forest Service Handbook 2309.13, Chapter 30, the Forest Service will publish the proposed recreation fee sites and proposed recreation fees in local newspapers and other local publications for public comment. At least 80 percent of the proposed recreation fees would be spent where they are collected to enhance the visitor experience at the proposed recreation fee sites.

A proposed expanded amenity recreation fee of $25 per night would be charged for Somerset Airfield Campground.

A proposed standard amenity recreation fee of $5 per day, per vehicle or $2.50 per day, per person for walk-ins, bicyclists, and motorcyclists would be charged at Grout Pond developed recreation site. Additionally, an annual pass option of $35 per vehicle would be charged at the site. The Green Mountain and Finger Lakes National Forests Day Use Pass and the America the Beautiful—the National Parks and Federal Recreational Lands Pass would be honored at these standard amenity recreation fee sites. Fee revenue would be used to enhance recreation opportunities, improve customer service, and address maintenance needs.

Once public involvement is complete, the proposed recreation fee sites and proposed recreation fees will be presented to the appropriate Recreation Resource Advisory Committee for review and recommendation prior to a final decision and implementation. Reservations for campgrounds and cabins could be made online at *www.recreation.gov* or by calling (877) 444–6777. Reservations would cost $8.00 per reservation. The $8.00 reservation fee is a transaction fee charged by the *recreation.gov* reservation platform and is not a Forest Service recreation fee under the Federal Lands Recreation Enhancement Act. This transaction fee is retained by the service provider to support the cost of the reservation system.

Gordon Blum,

Associate Deputy Chief, Recreation and Heritage.

[FR Doc. 2026–18238 Filed 9–4–26; 8:45 am]

BILLING CODE 3411–15–P

DEPARTMENT OF AGRICULTURE

Forest Service

Proposed Recreation Fee Sites

AGENCY: Forest Service, USDA.

ACTION: Notice.

SUMMARY: The Ashley National Forest is proposing to establish two recreation fee sites. Proposed recreation fees collected at the proposed recreation fee sites and for the proposed special recreation permit would be used for operation, maintenance, and improvement of the sites and the special recreation use covered by the proposed special recreation permit. An analysis of nearby recreation fee sites and special recreation uses with similar amenities shows that the proposed recreation fees are reasonable and typical of similar recreation fee sites and special recreation uses in the area.

DATES: If approved, the proposed recreation fees would be established no earlier than six months following the publication of this notice in the **Federal Register**.

ADDRESSES: Ashley National Forest, Attention: Recreation Fees, 355 North Vernal Avenue, Vernal, UT 84078.

FOR FURTHER INFORMATION CONTACT: Ryan Buerkle, Forest Recreation Program Manager, (435) 789–1181, *ryan.buerkle@usda.gov.*

SUPPLEMENTARY INFORMATION: The Federal Lands Recreation Enhancement Act (16 U.S.C. 6803(b)) requires the Forest Service to publish in the **Federal Register** a six-month advance notice before establishment of proposed recreation fee sites. In accordance with Forest Service Handbook 2309.13, Chapter 30, the Forest Service will publish the proposed recreation fee sites and proposed recreation fees in local newspapers and other local publications for public comments. At least 80 percent of the proposed recreation fees would be spent where they are collected to enhance the visitor experience at the proposed recreation fee sites.

A proposed expanded amenity recreation fee of $50 per night for groups up to 50 people would be charged for Kaler Hollow Group Campground. In addition, a proposed expanded amenity recreation fee of $70 per night would be charged for rental of Uinta Guard Station.

Fee revenue would be used to enhance recreation opportunities, improve customer service, and address maintenance needs.

Once public involvement is complete, the proposed recreation fee sites, proposed special recreation permit, and proposed recreation fees will be presented to the appropriate Recreation Resource Advisory Committee for review and recommendation prior to a final decision and implementation. Reservations for campgrounds and cabins could be made online at *www.recreation.gov* or by calling (877) 444–6777. Reservations would cost $8.00 per reservation. The $8.00 reservation fee is a transaction fee charged by the *recreation.gov* reservation platform and is not a Forest Service recreation fee under the Federal Lands Recreation Enhancement Act. This transaction fee is retained by the service provider to support the cost of the reservation system.

Gordon Blum,

Associate Deputy Chief, Recreation and Heritage.

[FR Doc. 2026–18246 Filed 9–4–26; 8:45 am]

BILLING CODE 3411–15–P

DEPARTMENT OF AGRICULTURE

Forest Service

Proposed Recreation Fee Sites

AGENCY: Forest Service, USDA.

ACTION: Notice.

SUMMARY: The Cleveland National Forest is proposing to establish two special recreation permits. Proposed recreation fees collected at the proposed special recreation permit sites would be used for operation, maintenance, and improvement of the sites and the special recreation use covered by the proposed special recreation permit. An analysis of nearby special recreation uses with similar amenities shows that the proposed recreation fees are reasonable and typical of similar special recreation uses in the area.

DATES: If approved, the proposed recreation fees would be established no earlier than six months following the publication of this notice in the **Federal Register**.

ADDRESSES: Cleveland National Forest, Attention: Recreation Fees, 10845 Rancho Bernardo Road, Suite 200, San Diego, CA 92127.

FOR FURTHER INFORMATION CONTACT: Mary Ann Davila Rodriguez, Recreation Management Specialist, (858)–674–2977, *sm.fs.R5_Fee_Prop_Cleveland@usda.gov.*

SUPPLEMENTARY INFORMATION: The Federal Lands Recreation Enhancement Act (16 U.S.C. 6803(b)) requires the Forest Service to publish in the **Federal Register** a six-month advance notice before establishment of proposed special recreation permits. In accordance with Forest Service Handbook 2309.13, Chapter 30, the Forest Service will publish the proposed special recreation permits, in local newspapers and other local publications for public comment. At least 80 percent of the proposed recreation fees would be spent where they are collected to enhance the visitor experience at the proposed recreation fee sites and in connection with the special recreation use covered by the proposed special recreation permit.

A proposed special recreation permit and proposed special recreation permit fee of $4 per person per day are proposed for Cedar Creek Falls on the San Diego River Gorge Trail and Eagle Peak Road, and for Three Sisters Falls on the Three Sisters Trail and Eagle Peak Trail.

Fee revenue would be used to enhance recreation opportunities, improve customer service, protect public safety, and address maintenance needs. Once public involvement is complete, the proposed special recreation permit, and proposed recreation fees will be presented to the appropriate Recreation Resource Advisory Committee for review and recommendation prior to a final decision and implementation. Reservations for Cedar Creek Falls and Three Sisters Falls special recreation permits could be made online at *www.recreation.gov* or by calling (877) 444–6777. Reservations would cost $6.00 per reservation. The $6.00 reservation fee is a transaction fee charged by the *recreation.gov* reservation platform and is not a Forest Service recreation fee under the Federal Lands Recreation Enhancement Act. This transaction fee is retained by the service provider to support the cost of the reservation system.

Gordon Blum,

Associate Deputy Chief, Recreation and Heritage.

[FR Doc. 2026–18244 Filed 9–4–26; 8:45 am]

BILLING CODE 3411–15–P

DEPARTMENT OF AGRICULTURE

Forest Service

Proposed Recreation Fee Sites

AGENCY: Forest Service, USDA.

ACTION: Notice.

SUMMARY: The Manti-La Sal National Forest is proposing to establish several recreation fee sites. Proposed recreation fees collected at the proposed recreation fee sites and for the proposed special recreation permit would be used for operation, maintenance, and improvement of the sites and the special recreation use covered by the proposed special recreation permit. An analysis of nearby recreation fee sites and special recreation uses with similar amenities shows that the proposed recreation fees are reasonable and typical of similar recreation fee sites and special recreation uses in the area.

DATES: If approved, the proposed recreation fees would be established no earlier than six months following the publication of this notice in the **Federal Register**.

ADDRESSES: Manti-La Sal National Forest, Attention: Recreation Fees, 599 W Price River Drive, Suite A, Price, UT 84501.

FOR FURTHER INFORMATION CONTACT: Myron Jeffs, Recreation Program Manager, (435) 636–3500, *SM.FS.MLSNF.FEE@usda.gov.*

SUPPLEMENTARY INFORMATION: The Federal Lands Recreation Enhancement Act (16 U.S.C. 6803(b)) requires the Forest Service to publish in the **Federal Register** a six-month advance notice before establishment of proposed recreation fee sites. In accordance with Forest Service Handbook 2309.13, Chapter 30, the Forest Service will publish the proposed recreation fee sites and proposed recreation fees in local newspapers and other local publications for public comment. At least 80 percent of the proposed recreation fees would be spent where they are collected to enhance the visitor experience at the proposed recreation fee sites.

A proposed expanded amenity recreation fee of $15 per night would be charged for Porcupine Rim, Ferron Canyon, and Chicken Creek Campgrounds. A proposed expanded amenity recreation fee of $30 per night for groups up to 30 people would be charged for Ferron, Willow Lake, and Chicken Creek Group Campgrounds, and an expanded amenity recreation fee of $50 per night for groups up to 50 people would be charged for the Joes Valley Group Campground. In addition, a proposed expanded amenity recreation fee of $50 per night would be charged for rental of Mammoth Bunkhouse, and an expanded amenity recreation fee of $75 per night would be charged for rental of Stuart Guard Station.

Fee revenue would be used to enhance recreation opportunities, improve customer service, and address maintenance needs.

Once public involvement is complete, the proposed recreation fee sites, presented to the appropriate Recreation Resource Advisory Committee for review and recommendation prior to a final decision and implementation. Reservations for campgrounds and cabins could be made online at *www.recreation.gov* or by calling (877) 444–6777. Reservations would cost $8.00 per reservation. The $8.00 reservation fee is a transaction fee charged by the *recreation.gov* reservation platform and is not a Forest Service recreation fee under the Federal Lands Recreation Enhancement Act. This transaction fee is retained by the service provider to support the cost of the reservation system.

Gordon Blum,

Associate Deputy Chief, Recreation and Heritage

[FR Doc. 2026–18245 Filed 9–4–26; 8:45 am]

BILLING CODE 3411–15–P

DEPARTMENT OF AGRICULTURE

Forest Service

Proposed Recreation Fee Sites

AGENCY: Forest Service, USDA.

ACTION: Notice.

SUMMARY: The Siuslaw National Forest is proposing to establish a special recreation permit. Proposed recreation fees collected at the proposed special recreation permit sites would be used for operation, maintenance, and improvement of the site and the special recreation use covered by the proposed special recreation permit. An analysis of nearby special recreation uses with similar amenities shows that the proposed recreation fees are reasonable and typical of similar special recreation uses in the area.

DATES: If approved, the proposed recreation fees would be established no earlier than six months following the publication of this notice in the **Federal Register**.

ADDRESSES: Siuslaw National Forest, Attention: Recreation Fees, 3200 SW Jefferson Way, Corvallis, OR 97331.

FOR FURTHER INFORMATION CONTACT: Trevor Robinson, Recreation Program Manager, (541) 750–7047, *trevor.robinson@usda.gov.*

SUPPLEMENTARY INFORMATION: The Federal Lands Recreation Enhancement Act (16 U.S.C. 6803(b)) requires the Forest Service to publish in the **Federal Register** a six-month advance notice before establishment of proposed special recreation permits. In accordance with Forest Service Handbook 2309.13, Chapter 30, the Forest Service will publish the proposed special recreation permit in local newspapers and other local publications for public comment. At least 80 percent of the proposed recreation fees would be spent where they are collected to enhance the visitor experience at the proposed recreation fee site and in connection with the special recreation use covered by the proposed special recreation permit.

A proposed special recreation permit and special recreation permit fee of $8 per vehicle per day would be charged for Fisherman's Day Use Site in the Sand Lake Recreation Area during summer holiday weekends, which include Memorial Day, Fourth of July, and Labor Day weekends.

The Northwest Forest Pass would be honored at the Sand Lake Recreation Area fee sites. The America the Beautiful-the National Parks and Federal Recreational Lands Pass would not cover the proposed special recreation permit fee. Fee revenue would be used to enhance recreation opportunities, improve customer service, protect public safety, and address maintenance needs.

Once public involvement is complete, the proposed special recreation permit fee will be presented to the appropriate Recreation Resource Advisory Committee for review and recommendation prior to a final decision and implementation. Reservations for Sand Lake Recreation

Area permits could be made online at *www.recreation.gov* or by calling (877) 444–6777. Reservations would cost $2.00 per reservation. The $2.00 reservation fee is a transaction fee charged by the *recreation.gov* reservation platform and is not a Forest Service recreation fee under the Federal Lands Recreation Enhancement Act. This transaction fee is retained by the service provider to support the cost of the reservation system.

Gordon Blum,

Associate Deputy Chief, Recreation and Heritage.

[FR Doc. 2026–18241 Filed 9–4–26; 8:45 am]

BILLING CODE 3411–15–P

DEPARTMENT OF AGRICULTURE

Forest Service

Proposed Recreation Fee Sites

AGENCY: Forest Service, USDA.

ACTION: Notice.

SUMMARY: The Ouachita National Forest is proposing to establish several recreation fee sites. Proposed recreation fees collected at the proposed recreation fee sites would be used for operation, maintenance, and improvement of the sites. An analysis of nearby recreation fee sites with similar amenities shows that the proposed recreation fees are reasonable and typical of similar recreation fee sites in the area.

DATES: If approved, the proposed recreation fees would be established no earlier than six months following the publication of this notice in the **Federal Register**.

ADDRESSES: Ouachita National Forest, Attention: Recreation Program Manager, P.O. Box 1270, Hot Springs, AR 71902.

FOR FURTHER INFORMATION CONTACT: Bill Jackson, Recreation, Planning, Heritage, GIS & Wilderness Staff Officer, (501) 321–5253, *SM.FS.ONF_PA@usda.gov.*

SUPPLEMENTARY INFORMATION: The Federal Lands Recreation Enhancement Act (16 U.S.C. 6803(b)) requires the Forest Service to publish in the **Federal Register** a six-month advance notice before establishment of proposed recreation fee sites. In accordance with Forest Service Handbook 2309.13, Chapter 30, the Forest Service will publish the proposed recreation fee sites proposed recreation fees in local newspapers and other local publications for public comment. At least 80 percent of the proposed recreation fees would be spent where they are collected to enhance the visitor experience at the proposed recreation fee sites.

A proposed expanded amenity recreation fee of $50 per day would be charged for group picnic sites at Cedar Lake Day Use, Charlton Day Use, and Shady Lake.

Fee revenue would be used to enhance recreation opportunities, improve customer service, and address maintenance needs.

Once public involvement is complete, the proposed recreation fee sites and proposal recreation fees will be presented to the appropriate Recreation Resource Advisory Committee for review and recommendation prior to a final decision and implementation. Reservations for campgrounds and cabins could be made online at *www.recreation.gov* or by calling (877) 444–6777. Reservations would cost $8.00 per reservation. The $8.00 reservation fee is a transaction fee charged by the *recreation.gov* reservation platform and is not a Forest Service recreation fee under the Federal Lands Recreation Enhancement Act. This transaction fee is retained by the service provider to support the cost of the reservation system.

Gordon Blum,

Associate Deputy Chief, Recreation and Heritage.

[FR Doc. 2026–18239 Filed 9–4–26; 8:45 am]

BILLING CODE 3411–15–P

DEPARTMENT OF AGRICULTURE

Forest Service

Proposed Recreation Fee Sites

AGENCY: Forest Service, USDA.

ACTION: Notice.

SUMMARY: The Tongass National Forest is proposing to establish one recreation fee site. Proposed recreation fees collected at the proposed recreation fee site would be used for operation, maintenance, and improvement of the site. An analysis of nearby recreation fee sites with similar amenities shows that the proposed recreation fees are reasonable and typical of similar recreation fee sites in the area.

DATES: If approved, the proposed recreation fees would be established no earlier than six months following the publication of this notice in the **Federal Register**.

ADDRESSES: Tongass National Forest, Attention: John Suomala, 648 Mission Street, Suite 110, Ketchikan, AK 99901.

FOR FURTHER INFORMATION CONTACT: John Suomala, Recreation Program Manager, (907) 228–6331, *SM.FS.TNFRecFee@usda.gov.*

SUPPLEMENTARY INFORMATION: The Federal Lands Recreation Enhancement Act (16 U.S.C. 6803(b)) requires the Forest Service to publish in the **Federal Register** a six-month advance notice before establishment of proposed recreation fee sites. In accordance with Forest Service Handbook 2309.13, Chapter 30, the Forest Service will publish the proposed recreation fee site and proposed recreation fees in local newspapers and other local publications for public comment. At least 80 percent of the proposed recreation fees would be spent where they are collected to enhance the visitor experience at the proposed recreation fee site.

A proposed expanded amenity recreation fee of $70 per night would be charged for primary season at False Bay Cabin and $55 per night for the shoulder season. Fee revenue would be used to enhance recreation opportunities, improve customer service, and address maintenance needs.

Once public involvement is complete, the proposed recreation fee site and proposal recreation fees will be presented to the appropriate Recreation Resource Advisory Committee for review and recommendation prior to a final decision and implementation. Reservations for campgrounds and cabins could be made online at *www.recreation.gov* or by calling (877) 444–6777. Reservations would cost $8.00 per reservation. The $8.00 reservation fee is a transaction fee charged by the *recreation.gov* reservation platform and is not a Forest Service recreation fee under the Federal Lands Recreation Enhancement Act. This transaction fee is retained by the service provider to support the cost of the reservation system.

Gordon Blum,

Associate Deputy Chief Recreation and Heritage.

[FR Doc. 2026–18237 Filed 9–4–26; 8:45 am]

BILLING CODE 3411–15–P

DEPARTMENT OF AGRICULTURE

Forest Service

Proposed Recreation Fee Sites

AGENCY: Forest Service, USDA.

ACTION: Notice.

SUMMARY: The El Yunque National Forest is proposing to establish several recreation pass options and a special recreation permit. Proposed recreation fees collected for the proposed recreation passes and for the proposed special recreation permit would be used for operation, maintenance, and

improvement of the sites and the special recreation use covered by the proposed special recreation permit. An analysis of nearby recreation fee sites and special recreation uses with similar amenities shows that the proposed recreation fees are reasonable and typical of similar recreation fee sites and special recreation uses in the area.

DATES: If approved, the proposed recreation fees would be established no earlier than six months following the publication of this notice in the **Federal Register**.

ADDRESSES: El Yunque National Forest, Attention: Fee Proposal Coordinator, HC–01, Box 13490, Rio Grande, PR 00745–9625.

FOR FURTHER INFORMATION CONTACT: Matthew Nourmohamadian, (787) 888–5611, *sm.fs.r8elyunsocom@usda.gov.*

SUPPLEMENTARY INFORMATION: The Federal Lands Recreation Enhancement Act (16 U.S.C. 6803(b)) requires the Forest Service to publish in the **Federal Register** a six-month advance notice before establishment of proposed recreation fee sites and proposed special recreation permits. In accordance with Forest Service Handbook 2309.13, Chapter 30, the Forest Service will publish the proposed recreation fee sites, proposed special recreation permit, and proposed recreation fees in local newspapers and other local publications for public comment. At least 80 percent of the proposed recreation fees would be spent where they are collected to enhance the visitor experience at the proposed recreation fee sites and in connection with the special recreation use covered by the proposed special recreation permit.

A proposed standard amenity fee of $10 per person for a 3-day pass would be charged for El Portal Visitor Center. A proposed standard amenity fee of $20 per person for an annual pass and $30 per group for a family annual pass would be charged for El Portal Del Yunque Rainforest Center.

A proposed special recreation permit and proposed special recreation permit fees of $4 per person per day, $10 per person for 3-day pass, $20 per person annual pass or a $30 family annual pass are proposed for the La Mina Recreation Area. The America the Beautiful—the National Parks and Federal Recreational Lands Pass would be honored at the standard amenity recreation fee site but would not cover the La Mina special recreation permit fee.

Fee revenue would be used to enhance recreation opportunities, improve customer service, and address maintenance needs.

Once public involvement is complete, the proposed recreation fee sites, proposed special recreation permit, and proposal recreation fees will be reviewed by a citizen's advisory committee prior to a final decision and implementation.

Gordon Blum,

Associate Deputy Chief, Recreation and Heritage.

[FR Doc. 2026–18240 Filed 9–4–26; 8:45 am]

BILLING CODE 3411–15–P

DEPARTMENT OF AGRICULTURE

Forest Service

Proposed Recreation Fee Sites

AGENCY: Forest Service, USDA.

ACTION: Notice.

SUMMARY: The Grand Mesa, Uncompahgre, and Gunnison National Forests are proposing to establish two special recreation permits. Proposed recreation fees collected at the proposed recreation fee sites and for the proposed special recreation permit would be used for operation, maintenance, and improvement of the sites and the special recreation use covered by the proposed special recreation permit. An analysis of nearby recreation fee sites and special recreation uses with similar amenities shows that the proposed recreation fees are reasonable and typical of similar recreation fee sites and special recreation uses in the area.

DATES: If approved, the proposed recreation fees would be established no earlier than six months following the publication of this notice in the **Federal Register**.

ADDRESSES: Grand Mesa, Uncompahgre, and Gunnison National Forests, Attention: Recreation Fees, 2505 S Townsend Ave., Montrose, CO 81401.

FOR FURTHER INFORMATION CONTACT: Dana Gardunio, Ouray District Ranger, (970) 240–5300, *SM.FS.BlueLakes.Vump@usda.gov.*

SUPPLEMENTARY INFORMATION: The Federal Lands Recreation Enhancement Act (16 U.S.C. 6803(b)) requires the Forest Service to publish in the **Federal Register** a six-month advance notice before establishment of proposed special recreation permits. In accordance with Forest Service Handbook 2309.13, Chapter 30, the Forest Service will publish the proposed special recreation permit in local newspapers and other local publications for public comment. At least 80 percent of the proposed recreation fees would be spent where they are collected to enhance the visitor experience at the proposed in connection with the special recreation use covered by the proposed special recreation permit.

A proposed noncommercial special recreation permit fee of $5 per person per day would be charged for the Blue Lakes—Mt Sneffels Wilderness Day Use Hike/Ticket. A proposed special recreation permit fee of $25 per site per night would be charged for the Blue Lakes—Mt Sneffels Wilderness Overnight Camping Permit.

Fee revenue would be used to enhance recreation opportunities, improve customer service, and address maintenance needs.

Once public involvement is complete, the proposed special recreation permits and associated fees will be presented to the appropriate Citizens Advisory Committee for review and recommendation prior to a final decision and implementation. Reservations for the special recreation permit sites will be made online at *www.recreation.gov* or by calling (877) 444–6777. Reservations would cost $1.00 per reservation for the day use hike permit and $6.00 per reservation for the wilderness overnight camping permit. The $1.00 and $6.00 reservation fee is a transaction fee charged by the *recreation.gov.* reservation platform and is not a Forest Service recreation fee under the Federal Lands Recreation Enhancement Act. This transaction fee is retained by the service provider to support the cost of the reservation system.

Gordon Blum,

Associate Deputy Chief, Recreation and Heritage.

[FR Doc. 2026–18247 Filed 9–4–26; 8:45 am]

BILLING CODE 3411–15–P

DEPARTMENT OF AGRICULTURE

Forest Service

Proposed Recreation Fee Sites

AGENCY: Forest Service, USDA.

ACTION: Notice.

SUMMARY: The Malheur National Forest is proposing to establish several recreation fee sites. Proposed recreation fees collected at the proposed recreation fee sites would be used for operation, maintenance, and improvement of the sites. An analysis of nearby recreation fee sites with similar amenities shows that the proposed recreation fees are reasonable and typical of similar recreation fee sites in the area.

DATES: If approved, the proposed recreation fees would be established no earlier than six months following the publication of this notice in the **Federal Register**.

ADDRESSES: Malheur National Forest, Attention: Recreation Fees, P.O. Box 909, John Day, OR 97845.

FOR FURTHER INFORMATION CONTACT: Lisa Arntz, Recreation Program Manager, (541) 575–3000, *SM.FS.malpubinfo@usda.gov.*

SUPPLEMENTARY INFORMATION: The Federal Lands Recreation Enhancement Act (16 U.S.C. 6803(b)) requires the Forest Service to publish in the **Federal Register** a six-month advance notice before establishment of proposed recreation fee sites. In accordance with Forest Service Handbook 2309.13, Chapter 30, the Forest Service will publish the proposed recreation fee sites proposed recreation fees in local newspapers and other local publications for public comment. At least 80 percent of the proposed recreation fees would be spent where they are collected to enhance the visitor experience at the proposed recreation fee sites.

A proposed expanded amenity recreation fee of $5 per night would be charged for Billy Fields, Crescent, Elk Creek, Head O' Boulder Forest Camp, Little Crane, McNaughton Spring, North Fork Malheur, Oregon Mine, Pine Creek Horse Camp, and Slide Creek Campgrounds. In addition, a proposed expanded amenity recreation fee of $75 per night would be charged for rental of Allison Guard Station, Allison Guard Station Cabin 2, Allison Guard Station Cabin 3, Bear Valley Work Center, and Blue Mountain Work Center.

Fee revenue would be used to enhance recreation opportunities, improve customer service, and address maintenance needs. Once public involvement is complete, the proposed recreation fee sites will be presented to the appropriate Recreation Resource Advisory Committee for review and recommendation prior to a final decision and implementation. Reservations for campgrounds and cabins could be made online at *www.recreation.gov* or by calling (877) 444–6777. A fee of $8.00 per reservation will be added to the cost of the reservation. The $8.00 reservation fee is a transaction fee charged by the *recreation.gov* reservation platform and is not a Forest Service recreation fee under the Federal Lands Recreation Enhancement Act. This transaction fee is retained by the service provider to support the cost of the reservation system.

Gordon Blum,

Associate Deputy Chief, Recreation and Heritage.

[FR Doc. 2026–18242 Filed 9–4–26; 8:45 am]

BILLING CODE 3411–15–P

DEPARTMENT OF AGRICULTURE

Forest Service

Proposed Recreation Fee Site

AGENCY: Forest Service, USDA.

ACTION: Notice.

SUMMARY: The Six Rivers National Forest is proposing to establish a new recreation fee site. Proposed recreation fees collected at the proposed recreation fee site would be used for operation, maintenance, and improvement of the site. An analysis of nearby recreation fee sites with similar amenities shows that the proposed recreation fee is reasonable and typical of similar recreation fee sites in the area.

DATES: If approved, the proposed recreation fees would be established no earlier than six months following the publication of this notice in the **Federal Register**.

ADDRESSES: Six Rivers National Forest, Attention: Recreation Fees, 1330 Bayshore Way, Eureka, CA 95501.

FOR FURTHER INFORMATION CONTACT: Julia Everta, Recreation Program Manager, (707) 441–3543, *sm.fs.SRNFFeeProposal@usda.gov.*

SUPPLEMENTARY INFORMATION: The Federal Lands Recreation Enhancement Act (16 U.S.C. 6803(b)) requires the Forest Service to publish in the **Federal Register** a six-month advance notice before establishment of proposed recreation fee sites. In accordance with Forest Service Handbook 2309.13, Chapter 30, the Forest Service will publish the proposed recreation fee site and other local publications for public comment. At least 80 percent of the proposed recreation fees would be spent where they are collected to enhance the visitor experience at the proposed recreation fee sites.

A proposed expanded amenity recreation fee of $65 per night would be charged for rental of Patrick Creek Bathhouse Cabin for groups up to 4 people.

Fee revenue would be used to enhance recreation opportunities, improve customer service, and address maintenance needs.

Once public involvement is complete, the proposed recreation fee sites, proposed special recreation permit, and proposal recreation fees will be presented to the appropriate Recreation Resource Advisory Committee for review and recommendation prior to a final decision and implementation. Reservations for campgrounds and cabins could be made online at *www.recreation.gov* or by calling (877) 444–6777. Reservations would cost $8.00 per reservation. The $8.00 reservation fee is a transaction fee charged by the *recreation.gov* reservation platform and is not a Forest Service recreation fee under the Federal Lands Recreation Enhancement Act. This transaction fee is retained by the service provider to support the cost of the reservation system.

Gordon Blum,

Associate Deputy Chief, Recreation and Heritage.

[FR Doc. 2026–18243 Filed 9–4–26; 8:45 am]

BILLING CODE 3411–15–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–570–129, A–552–830, C–570–130]

Certain Walk-Behind Lawn Mowers and Parts Thereof From the People's Republic of China and the Socialist Republic of Vietnam: Final Results of Sunset Review and Revocation of Orders

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

SUMMARY: On June 1, 2026, the U.S. Department of Commerce (Commerce) initiated the first sunset review of antidumping duty (AD) and countervailing duty (CVD) orders on certain walk-behind lawn mowers and parts thereof (lawn mowers) from the People's Republic of China (China) and the AD order on lawn mowers from the Socialist Republic of Vietnam (Vietnam). Because no domestic party responded to the sunset review notice of initiation by the applicable deadline, consistent with section 751(c)(3)(A) of the Tariff Act of 1930, as amended (the Act), Commerce is revoking the AD and CVD orders on lawn mowers from China and the AD order on lawn mowers from Vietnam.

DATES: Applicable September 8, 2026.

FOR FURTHER INFORMATION CONTACT: Alexander Wolfe or Madeline Robinson, AD/CVD Operations, Office VI, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401

Constitution Avenue NW, Washington, DC 20230; telephone: (202) 482–5826 or (202) 482–0585, respectively.

SUPPLEMENTARY INFORMATION:

Background

On July 13, 2021, Commerce published the AD order on lawn mowers from China and Vietnam and the CVD order on lawn mowers from China.[1] On June 1, 2026, Commerce published the *Initiation Notice* of the first sunset reviews of the *Orders* pursuant to section 751(c) of the Act.[2]

On June 16, 2026, AxenTech LLC (AxenTech) submitted letters expressing its intent to participate in these sunset reviews as a domestic wholesaler and interested party, pursuant to section 771(9)(C) of the Act.[3] On June 22, 2026, Commerce notified the U.S. International Trade Commission of AxenTech's intent to participate and that the sunset reviews would continue. The same day, Commerce received a standing objection from Daye North America, Inc. (Daye NA), a U.S. producer and importer of walk-behind lawn mowers, claiming that AxenTech lacked standing as a domestic wholesaler.[4]

On June 26, 2026, AxenTech informed Commerce that it would not participate in the sunset review.[5] Because AxenTech informed Commerce that it would not participate in the sunset review, Commerce did not address the question of standing raised by Daye NA. Moreover, no domestic interested party submitted a substantive response to the notice of initiation, as required by section 751(c)(3)(A), by July 1, 2026, the deadline established by 19 CFR 351.218(d)(3)(i). As a result, in accordance with section 751(c)(3)(A) of the Act, Commerce determined that no domestic interested party responded to the notice of initiation. Commerce notified the U.S. International Trade Commission, in writing, that it intended to issue a final determination revoking the *Orders*.[6]

Scope of the Orders

The merchandise covered by the *Orders* consists of certain rotary walk-behind lawn mowers which are grass-cutting machines that are powered by internal combustion engines. The scope of the *Orders* covers certain walk-behind lawn mowers, whether self-propelled or non-self-propelled, whether finished or unfinished, whether assembled or unassembled, and whether containing any additional features that provide for functions in addition to mowing.

Walk-behind lawn mowers within the scope of the *Orders* are only those powered by an internal combustion engine with a power rating of less than 3.7 kilowatts. These internal combustion engines are typically spark ignition, single or multiple cylinder, air cooled, internal combustion engines with vertical power take off shafts with a maximum displacement of 196cc. Walk-behind lawn mowers covered by this scope typically must be certified and comply with the Consumer Products Safety Commission Safety Standard For Walk-Behind Power Lawn Mowers under 16 CFR part 1205. However, lawn mowers that meet the physical descriptions above, but are not certified under 16 CFR part 1205 remain subject to the scope of the *Orders*.

The internal combustion engines of the lawn mowers covered by this scope typically must comply with and be certified under Environmental Protection Agency air pollution controls title 40, chapter I, subchapter U, part 1054 of the Code of Federal Regulations standards for small non-road spark-ignition engines and equipment. However, lawn mowers that meet the physical descriptions above but that do not have engines certified under 40 CFR part 1054 or other parts of subchapter U remain subject to the scope of the *Orders*.

For purposes of the *Orders*, an unfinished and/or unassembled lawn mower means, at a minimum, a sub-assembly comprised of an engine and a cutting deck shell attached to one another. A cutting deck shell is the portion of the lawn mower—typically of aluminum or steel—that houses and protects a user from a rotating blade. Importation of the subassembly whether or not accompanied by, or attached to, additional components such as a handle, blade(s), grass catching bag, or wheel(s) constitute an unfinished lawn mower for purposes of the *Orders*. The inclusion in a third country of any components other than the mower subassembly does not remove the lawn mower from the scope. Lawn mowers that meet the physical description above are covered by the scope of the *Orders* regardless of the origin of its engine, unless such lawn mowers contain an engine that is covered by the scope of the antidumping and countervailing duty orders on certain vertical shaft engines between 99cc and up to 225cc, and parts thereof (small vertical engines) from China. If the antidumping or countervailing duty orders on small vertical engines from China are terminated, the lawn mowers containing small vertical engines from China will be covered by the scope of the *Orders*.

The lawn mowers subject to the *Orders* are typically at subheading: 8433.11.0050. Lawn mowers subject to the *Orders* may also enter under Harmonized Tariff Schedule of the United States (HTSUS) subheadings 8407.90.1010 and 8433.90.1090. The HTSUS subheadings are provided for convenience and customs purposes only, and the written description of the merchandise under the *Orders* is dispositive.

Revocation

Pursuant to section 751(c)(3)(A) of the Act, if no domestic interested party responds to a notice of initiation, Commerce shall, within 90 days after the initiation of review, revoke the order. Because no domestic interested party responded to the notice of initiation, as required by 751(c)(3)(A), by the deadline established by 19 CFR 351.218(d)(3)(i), we are revoking the *Orders*.

Effective Date of Revocation

Pursuant to section 751(c)(3)(A) of the Act and 19 CFR 351.222(i)(2)(i), Commerce intends to instruct U.S. Customs and Border Protection to terminate the suspension of liquidation of the merchandise subject to the *Orders* entered, or withdrawn from the warehouse, on or after July 13, 2026, the

[1] *See Certain Walk-Behind Lawn Mowers and Parts Thereof from the People's Republic of China and the Socialist Republic of Vietnam: Antidumping Duty Order,* 86 FR 36703 (July 13, 2021) (*China and Vietnam AD Orders*); *see also Certain Walk-Behind Lawn Mowers and Parts Thereof from the People's Republic of China: Countervailing Duty Order and Amended Final Affirmative Countervailing Duty Determination,* 86 FR 36702 (July 13, 2021) (*China CVD Order*) (collectively, *Orders*).

[2] *See Initiation of Five Year (Sunset) of Sunset Review,* 91 FR 32376 (June 1, 2026) (*Initiation Notice*).

[3] *See* AxenTech's Letters, "Notice of Intent to Participate in the First Five-Year Review of the Antidumping Duty Order on Certain Walk-Behind Lawn Mowers and Parts Thereof from the Socialist Republic of Vietnam," dated June 16, 2026; "Notice of Intent to Participate in the First Five-Year Review of the Antidumping Duty Order on Certain Walk-Behind Lawn Mowers and Parts Thereof from the People's Republic of China," dated June 16, 2026 and "Notice of Intent to Participate in the First Five-Year Review of the Countervailing Duty Order on Certain Walk-Behind Lawn Mowers and Parts Thereof from the People's Republic of China," dated June 16, 2026 (collectively, Notice of Intent to Participate).

[4] *See* Daye North America, Inc.'s Letter, "Daye NA's Wholesaler Standing Objection," dated June 22, 2026.

[5] *See* AxenTech's Letter, "Withdrawal of Notice of Intent to Participate in the First Five-Year Review of the Antidumping Duty and Countervailing Duty Orders," dated June 26, 2026.

[6] *See* Commerce's Letter, "Sunset Reviews Initiated on June 1, 2026," dated July 10, 2026.

fifth anniversary of the date of publication of the *Orders.*[7]

Entries of subject merchandise prior to the effective date of revocation will continue to be subject to suspension of liquidation and AD and CVD deposit requirements. Commerce may conduct administrative reviews of subject merchandise entered prior to the effective date of revocation in response to appropriately filed requests for review.

Notification to Interested Parties

We are issuing and publishing this notice in accordance with sections 751(c) and 777(i)(1) of the Act.

Dated: August 31, 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. 2026–18249 Filed 9–4–26; 8:45 am]

BILLING CODE 3510–DS–P

[7] *See China CVD Order* and *China and Vietnam AD Orders.*

DEPARTMENT OF COMMERCE

International Trade Administration

[A–351–859]

Brass Rod From Brazil: Preliminary Results of Antidumping Duty Administrative Review; 2023–2025

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

SUMMARY: The U.S. Department of Commerce (Commerce) preliminarily determines that Termomecanica Sao Paulo S.A. (Termomecanica), a producer/exporter subject to this administrative review, made sales of brass rod at less than normal value (NV) during the period of review (POR), December 1, 2023, through May 31, 2025. Interested parties are invited to comment on these preliminary results.

DATES: Applicable September 8, 2026.

FOR FURTHER INFORMATION CONTACT: Michael Romani, AD/CVD Operations, Office I, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue NW, Washington, DC 20230; telephone: (202) 482–0198.

SUPPLEMENTARY INFORMATION:

Background

On June 13, 2024, Commerce published the antidumping duty order on brass rod from Brazil in the **Federal Register**.[1] On July 25, 2025, based on timely requests for an administrative review, in accordance with 19 CFR 351.221(c)(1)(i), we initiated this administrative review of the *Order* with respect to Termomecanica.[2]

Due to the lapse in appropriations and Federal Government shutdown, on November 14, 2025, Commerce tolled all deadlines in administrative proceedings by 47 days.[3] Additionally, due to a backlog of documents that were electronically filed via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS) during the Federal Government shutdown, on November 24, 2025, Commerce tolled all deadlines in administrative proceedings by an additional 21 days.[4] On January 22, April 29, July 16, and August 5, 2026, Commerce extended the time period for issuing the preliminary results by 53 days, 80 days, 28 days, and 5 days respectively.[5] Accordingly, the deadline for these preliminary results is now August 31, 2026.

For a complete description of the events that followed the initiation of this administrative review, *see* the Preliminary Decision Memorandum.[6] A list of topics included in the Preliminary Decision Memorandum is included as an appendix to this notice. The Preliminary Decision Memorandum is a public document and is on file electronically via ACCESS, which is available to registered users at *https://access.trade.gov.* In addition, a complete version of the Preliminary Decision Memorandum can be accessed directly at *https://access.trade.gov/frnotices.*

Scope of the Order

The product covered by the *Order* is brass rod from Brazil. For a complete description of the scope of the *Order, see* the Preliminary Decision Memorandum.

Methodology

Commerce is conducting this review in accordance with sections 751(a)(1)(B) and (2) of the Tariff Act of 1930, as amended (the Act). Export price and constructed export price are calculated in accordance with section 772 of the Act, and NV is calculated in accordance with section 773 of the Act. For a full description of the methodology underlying our conclusions, *see* the Preliminary Decision Memorandum.

Preliminary Results of Review

Commerce preliminarily determines that the following estimated weighted-average dumping margin exists for the period December 1, 2023, through May 31, 2025:

Exporter/producer	Estimated weighted-average dumping margin (percent)
Termomecanica Sao Paulo S.A	22.07

Disclosure

Commerce intends to disclose its calculations and analysis performed for these preliminary results to interested parties within five days after public announcement, or if there is no public announcement, within five days of the date of publication of this notice in accordance with 19 CFR 351.224(b).

Public Comment

Case briefs or other written comments may be submitted to the Assistant Secretary for Enforcement and Compliance. Pursuant to 19 CFR 351.309(c)(1)(ii), we have modified the deadline for interested parties to submit case briefs to Commerce to no later than 21 days after the date of the publication of this notice.[7] Rebuttal briefs, limited to issues raised in the case briefs, may be filed not later than five days after the date for filing case briefs.[8] Interested parties who submit case or rebuttal briefs in this proceeding must submit:

[1] *See Brass Rod from the Republic of Korea: Amended Final Antidumping Duty Determination; Brass Rod from Brazil, India, Mexico, the Republic of Korea, and South Africa: Antidumping Duty Orders; Brass Rod from the Republic of Korea: Countervailing Duty Order,* 89 FR 50263 (June 13, 2024) (*Order*).

[2] *See Initiation of Antidumping and Countervailing Duty Administrative Reviews,* 90 FR 35268, 35276 (July 25, 2025).

[3] *See* Memorandum, ''Deadlines Affected by the Shutdown of the Federal Government,'' dated November 14, 2025.

[4] *See* Memorandum, ''Tolling of all Case Deadlines,'' dated November 25, 2025.

[5] *See* Memorandum, ''Extension of Deadline for Preliminary Results of Antidumping Administrative Review,'' dated January 22, 2026; *see also* Memorandum, ''Extension of Deadline for Preliminary Results of Antidumping Administrative Review,'' dated April 29, 2026; Memorandum, ''Extension of Deadline for Preliminary Results of Antidumping Duty Administrative Review,'' dated July 16, 2026; and Memorandum, ''Extension of Deadline for Preliminary Results of Antidumping Duty Administrative Review,'' dated August 5, 2026.

[6] *See* Memorandum, ''Decision Memorandum for the Preliminary Results of the Administrative Review of the Antidumping Duty Order on Brass Rod from Brazil; 2023–2025,'' dated concurrently with, and hereby adopted by, this notice (Preliminary Decision Memorandum).

[7] *See* 19 CFR 351.309.

[8] *See* 19 CFR 351.309(d); *see also Administrative Protective Order, Service, and Other Procedures in Antidumping and Countervailing Duty Proceedings,* 88 FR 67069, 67077 (September 29, 2023) (*APO and Service Final Rule*).

(1) a table of contents listing each issue; and (2) a table of authorities.[9] All briefs must be filed electronically using ACCESS. An electronically filed document must be received successfully in its entirety in ACCESS by 5:00 p.m. Eastern Time on the established deadline.

As provided under 19 CFR 351.309(c)(2)(iii) and (d)(2)(iii), we request that interested parties provide at the beginning of their briefs a public, executive summary for each issue raised in their briefs.[10] Further, we request that interested parties limit their executive summary of each issue to no more than 450 words, not including citations. We intend to use the public executive summaries as the basis of the comment summaries included in the issues and decision memorandum that will accompany the final results in this administrative review. We request that interested parties include footnotes for relevant citations in the executive summary of each issue. Note that Commerce has amended certain of its requirements pertaining to the service of documents in 19 CFR 351.303(f).[11]

Pursuant to 19 CFR 351.310(c), interested parties who wish to request a hearing must submit a written request to the Assistant Secretary for Enforcement and Compliance, filed electronically via ACCESS by 5:00 p.m. Eastern Time within 30 days after the date of publication of this notice. Requests should contain: (1) the party's name, address, and telephone number; (2) the number of participants, and whether any participant is a foreign national; and (3) a list of the issues to be discussed. Oral presentations at the hearing will be limited to issues raised in the briefs. If a request for a hearing is made, Commerce will inform parties of the scheduled date for the hearing.[12]

Assessment Rates

Pursuant to section 751(a)(2)(A) of the Act, upon completion of the final results of this administrative review, 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.

If Termomecanica's weighted-average dumping margin is not zero or *de minimis* (*i.e.,* less than 0.50 percent) in the final results of this review, Commerce intends to calculate an importer-specific assessment rate based on the ratio of the total amount of dumping calculated for each importer's examined sales to the total entered value of those sales. Where we do not have entered values for all U.S. sales to a particular importer, we will calculate an importer-specific, per-unit assessment rate on the basis of the ratio of the total amount of dumping calculated for the importer's examined sales to the total quantity of those sales.[13] To determine whether an importer-specific, per-unit assessment rate is *de minimis,* in accordance with 19 CFR 351.106(c)(2), we also will calculate an importer-specific *ad valorem* ratio based on estimated entered values. If Termomecanica's weighted-average dumping margin is zero or *de minimis* or where an importer-specific *ad valorem* assessment rate is zero or *de minimis,* we will instruct CBP to liquidate appropriate entries without regard to antidumping duties.[14]

In accordance with Commerce's "automatic assessment" practice, for entries of subject merchandise during the POR produced by Termomecanica for which it 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.[15]

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**.[16] 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,[17] 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, except if the rate is less than 0.50 percent and, therefore, *de minimis* within the meaning of 19 CFR 351.106(c)(1), in which case the cash deposit rate will be zero; (2) for previously investigated or reviewed companies not covered in this review, 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, 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 22.78 percent, the all-others rate established in the LTFV investigation.[18] These cash deposit requirements, when imposed, shall remain in effect until further notice.

Final Results of the Review

Commerce intends to issue the final results of this administrative review, including the results of its analysis of the issues raised in any written briefs, no later than 120 days after the date of publication of this notice, unless extended, pursuant to section 751(a)(3)(A) of the Act and 19 CFR 351.213(h)(1).

Notification to Importers

This notice also serves as a preliminary reminder to importers of their responsibility under 19 CFR 351.402(f)(2) to file a certificate regarding the reimbursement of antidumping duties prior to liquidation of the relevant entries during this POR. 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.

Notification to Interested Parties

We are issuing and publishing these preliminary results of review in accordance with sections 751(a)(1) and 777(i)(1) of the Act, and 19 CFR 351.221(b)(4).

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[9] *See* 19 CFR 351.309(c)(2) and (d)(2).

[10] We use the term "issue" here to describe an argument that Commerce would normally address in a comment of the Issues and Decision Memorandum.

[11] *See APO and Service Final Rule.*

[12] *See* 19 CFR 351.310(d).

[13] *See* 19 CFR 351.212(b)(1).

[14] *See* 19 CFR 351.106(c)(2); *see also Antidumping Proceeding: Calculation of the Weighted-Average Dumping Margin and Assessment Rate in Certain Antidumping Proceedings; Final Modification,* 77 FR 8101, 8103 (February 14, 2012).

[15] For a full discussion of this practice, *see Antidumping and Countervailing Duty Proceedings: Assessment of Antidumping Duties,* 68 FR 23954 (May 6, 2003).

[16] *See* n.14 *supra.*

[17] *See* n.14 *supra.*

[18] *See Order.*

Dated: August 31, 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

List of Topics Discussed in the Preliminary Decision Memorandum

I. Summary
II. Background
III. Scope of the *Order*
IV. Discussion of the Methodology
V. Currency Conversion
VI. Recommendation

[FR Doc. 2026–18248 Filed 9–4–26; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

[RTID 0648–XG024]

Marine Mammals; File No. 29915

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

ACTION: Notice; receipt of application.

SUMMARY: Notice is hereby given that the BBC Natural History and Factual Productions Ltd., Bridgewater House, Counterslip, Redcliffe, Bristol BS1 6BX (Responsible Party: Briony Jones) has applied in due form for a permit to conduct commercial and educational photography on pinnipeds.

DATES: Written comments must be received on or before October 8, 2026.

ADDRESSES: The application and related documents are available for review upon written request via email to *NMFS.Pr1Comments@noaa.gov.*

Written comments on this application should be submitted via email to *NMFS.Pr1Comments@noaa.gov.* Please include File No. 29915 in the subject line of the email comment.

Those individuals requesting a public hearing should submit a written request via email to *NMFS.Pr1Comments@noaa.gov.* The request should set forth the specific reasons why a hearing on this application would be appropriate.

FOR FURTHER INFORMATION CONTACT: Sara Young or Jennifer Skidmore, (301) 427–8401.

SUPPLEMENTARY INFORMATION: The subject permit is requested under the authority of the Marine Mammal Protection Act of 1972, as amended (16 U.S.C. 1361 *et seq.*), the regulations governing the taking and importing of marine mammals (50 CFR part 216).

The applicant requests a 15-month permit to film grays seals on Monomoy Island for a documentary series. Up to 1,000 gray seals (*Halichoerus grypus*) may be harassed during ground-based and uncrewed aircraft system filming and behavioral observations. Up to 23 hooded seals (*Cystophora cristata*), 23, harp seals (*Pagophilus groenlandicus*), and 23 harbor seals (*Phoca vitulina*) may be unintentionally harassed, observed, and opportunistically filmed during these activities.

In compliance with the National Environmental Policy Act of 1969 (42 U.S.C. 4321 *et seq.*), an initial determination has been made that the activity proposed is categorically excluded from the requirement to prepare an environmental assessment or environmental impact statement.

Concurrent with the publication of this notice in the **Federal Register**, NMFS is forwarding copies of the application to the Marine Mammal Commission and its Committee of Scientific Advisors.

Dated: September 3, 2026.

Larissa Plants,

Deputy Director, Office of Protected Resources, National Marine Fisheries Service.

[FR Doc. 2026–18236 Filed 9–4–26; 8:45 am]

BILLING CODE 3510–22–P

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

[RTID 0648–XG029]

Management Track Assessment for American Plaice and Gulf of Maine Haddock; Public Meeting

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

ACTION: Notice of public meeting.

SUMMARY: NMFS will convene the Management Track Assessment Peer Review Meeting for the purpose of reviewing American plaice and Gulf of Maine haddock stocks. The Management Track Assessment Peer Review is a formal scientific peer-review process for evaluating and presenting stock assessment results to managers for fish stocks in the offshore U.S. waters of the northwest Atlantic. Assessments are prepared by the lead stock assessment scientist and reviewed by an independent panel of stock assessment experts. The public is invited to attend the presentations and discussions between the review panel and the scientists who have participated in the stock assessment process.

DATES: The public portion of the Management Track Assessment Peer Review Meeting will be held from September 22, 2026–September 23, 2026. The public portion of the meeting will conclude on September 23, 2026 at 3 p.m. Eastern Daylight Time. Please see **SUPPLEMENTARY INFORMATION** for the daily meeting agenda.

ADDRESSES: The meeting will be held in the S.H. Clark Conference Room in the Aquarium Building of the National Marine Fisheries Service, Northeast Fisheries Science Center (NEFSC), 166 Water Street, Woods Hole, MA 02543 and virtually using this Google Meet link: *http://meet.google.com/qyi-zjqz-eat.*

FOR FURTHER INFORMATION CONTACT: Brian Hooper, 508–258–9580; *brian.hooper@noaa.gov.*

SUPPLEMENTARY INFORMATION: For further information, please visit the NEFSC website at *https://www.fisheries.noaa.gov/new-england-mid-atlantic/population-assessments/fishery-stock-assessments-new-england-and-mid-atlantic.* For additional information about management track assessment peer review, please visit the NEFSC web page at *https://www.fisheries.noaa.gov/new-england-mid-atlantic/population-assessments/management-track-stock-assessments.*

Daily Meeting Agenda—Management Track Peer Review Meeting

The agenda is subject to change; all times are approximate and may be changed at the discretion of the Peer Review Chair.

Tuesday, September 22, 2026

Time	Stock	Subject	Presenter
9 a.m		Welcome/Logistics, Conduct of Meeting.	Brian Hooper, Kristan Blackhart, Kai Lorenzen, Chair.
9:15 a.m	American Plaice	Terms of Reference (TOR) Review & Panel Questions.	Amanda Hart, Panel.
10:30 a.m		Break.	

Time	Stock	Subject	Presenter
10:45 a.m	American Plaice	TOR Review & Panel Questions, continued.	Amanda Hart, Panel.
11:45 a.m	American Plaice	Public Comment	Panel.
12 p.m		Lunch.	
1 p.m	American Plaice	Panel Deliberations	Panel.
2:15 p.m	American Plaice	Panel Conclusions/Recommendations and Final Stock Wrap Up.	Panel.
3 p.m	American Plaice	Closed Panel Writing Session.	
5 p.m		Adjourn.	

Wednesday, September 23, 2026

Time	Stock	Subject	Presenter
9 a.m		Welcome/Logistics, Conduct of Meeting.	Brian Hooper, Kristan Blackhart, Kai Lorenzen, Chair.
9:05 a.m	Gulf of Maine Haddock	Terms of Reference (TOR) Review & Panel Questions.	Charles Perretti, Panel.
10:30 a.m		Break.	
10:45 a.m	Gulf of Maine Haddock	TOR Review & Panel Questions, continued.	Charles Perretti, Panel.
11:45 a.m	Gulf of Maine Haddock	Public Comment	Panel.
12 p.m		Lunch.	
1 p.m	Gulf of Maine Haddock	Panel Deliberations	Panel.
2:15 p.m	Gulf of Maine Haddock	Panel Conclusions/Recommendations and Final Stock Wrap Up.	Panel.
3 p.m	Gulf of Maine Haddock	Closed Panel Writing Session	
5 p.m		Adjourn.	

The meeting is open to the public; however, during the 'Closed Panel Writing Session' on Tuesday, September 22nd, and Wednesday, September 23rd, the public should not engage in discussion with the Peer Review Panel.

Special Accommodations

This meeting is physically accessible to people with disabilities. Special requests should be directed to Brian Hooper, via the email provided in the **ADDRESSES** section.

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

Dated: September 2, 2026.

Kelly Denit,

Director, Office of Sustainable Fisheries, National Marine Fisheries Service.

[FR Doc. 2026–18254 Filed 9–4–26; 8:45 am]

BILLING CODE 3510–22–P

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

[RTID 0648–XG010]

Takes of Marine Mammals Incidental to Specified Activities; Taking Marine Mammals Incidental to Seward Cruise Ship Passenger Dock and Terminal Facility Project in Seward, Alaska

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

ACTION: Notice; request for comments on proposed renewal incidental harassment authorization.

SUMMARY: NMFS has received a request from Turnagain Marine Construction (TMC) for the renewal of their currently active incidental harassment authorization (IHA) (hereinafter, the ''initial IHA'') to take marine mammals incidental to Seward Cruise Ship Passenger Dock and Terminal Facility project in Seward, Alaska. TMC activities will not be completed prior to the IHA's expiration. Pursuant to the Marine Mammal Protection Act (MMPA), prior to issuing the currently active IHA, NMFS requested comments on both the proposed IHA and the potential for renewing the initial authorization if certain requirements were satisfied. The renewal requirements have been satisfied, and NMFS is now providing an additional 15-day comment period to allow for any additional comments on the proposed renewal not previously provided during the initial 30-day comment period.

DATES: Comments and information must be received no later than September 23, 2026.

ADDRESSES: Comments should be addressed to the Permits and Conservation Division, Office of Protected Resources, NMFS, and should be submitted via email to *ITP.esch@noaa.gov.* Electronic copies of the original application, renewal request, and supporting documents (including NMFS' **Federal Register** notices of the original proposed and final authorizations, and the previous IHA), as well as a list of the references cited in this document, may be obtained online at: *https://www.fisheries.noaa.gov/permit/incidental-take-authorizations-under-marine-mammal-protection-act.* In case of problems accessing these documents, please call the contact listed below.

Instructions: NMFS is not responsible for comments sent by any other method, to any other address or individual, or received after the end of the comment period. Comments, including all attachments, must not exceed a 25-megabyte file size. All comments received are a part of the public record and will generally be posted online at *https://www.fisheries.noaa.gov/permit/incidental-take-authorizations-under-marine-mammal-protection-act* without change. All personal identifying information (*e.g.,* name, address) voluntarily submitted by the commenter may be publicly accessible. Do not submit confidential business information or otherwise sensitive or protected information.

FOR FURTHER INFORMATION CONTACT: Carter Esch, Office of Protected Resources, NMFS, (301) 427–8401.

SUPPLEMENTARY INFORMATION:

Background

The MMPA prohibits the ''take'' of marine mammals, with certain exceptions. Sections 101(a)(5)(A) and (D) of the MMPA (16 U.S.C. 1361 *et seq.*) direct the Secretary of Commerce (as delegated to NMFS) 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 proposed or, if the taking is limited to harassment, a proposed IHA is provided to the public for review.

Authorization for incidental takings shall be granted if NMFS finds that the taking will have a negligible impact on the species or stock(s) and will not have an unmitigable adverse impact on the availability of the species or stock(s) for taking for subsistence uses (where relevant). Further, NMFS must prescribe the permissible methods of taking and other ''means of effecting the least practicable adverse impact'' on the affected species or stocks and their habitat, paying particular attention to rookeries, mating grounds, and areas of similar significance, and on the availability of such species or stocks for taking for certain subsistence uses (referred to here as ''mitigation''); and requirements pertaining to the monitoring and reporting of the takings. The definition of all applicable MMPA statutory used above are included in the relevant sections below and can be found in section 3 of the MMPA (16 U.S.C. 1362) and the NMFS' implementing regulations at 50 CFR 216.103.

NMFS' regulations implementing the MMPA at 50 CFR 216.107(e) indicate that IHAs may be renewed for additional periods of time not to exceed one year for each reauthorization. In the notice of proposed IHA for the initial IHA, NMFS described the circumstances under which we would consider issuing a renewal for this activity and requested public comment on a potential renewal under those circumstances. Specifically, on a case-by-case basis, NMFS may issue a one-time, 1-year renewal of an IHA following notice to the public providing an additional 15 days for public comments when (1) up to another year of identical, or nearly identical, activities as described in the Detailed Description of Specified Activities section of the initial IHA issuance notice is planned, or (2) the activities as described in the Description of the Specified Activities and Anticipated Impacts section of the initial IHA issuance notice would not be completed by the time the initial IHA expires and a renewal would allow for completion of the activities beyond that described in the **DATES** section of the notice of issuance of the initial IHA, provided all of the following conditions are met:

- A request for renewal is received no later than 60 days prior to the needed renewal IHA effective date (recognizing that the renewal IHA expiration date cannot extend beyond 1 year from expiration of the initial IHA).
- The request for renewal must include the following:
- An explanation that the activities to be conducted under the requested renewal IHA are identical to the activities analyzed under the initial IHA, are a subset of the activities, or include changes so minor (*e.g.,* reduction in pile size) that the changes do not affect the previous analyses, mitigation and monitoring requirements, or take estimates (with the exception of reducing the type or amount of take); and
- A preliminary monitoring report showing the results of the required monitoring to date and an explanation showing that the monitoring results do not indicate impacts of a scale or nature not previously analyzed or authorized.
- Upon review of the request for renewal, the status of the affected species or stocks, and any other pertinent information, NMFS determines that there are no more than minor changes in the activities, the mitigation and monitoring measures will remain the same and appropriate, and the findings in the initial IHA remain valid.

An additional public comment period of 15 days (for a total of 45 days), with direct notice by email, phone, or postal service to commenters on the initial IHA, is provided to allow for any additional comments on the proposed renewal. A description of the renewal process may be found on our website at: *https://www.fisheries.noaa.gov/national/marine-mammal-protection/incidental-harassment-authorization-renewals.* Any comments received on the potential renewal, along with relevant comments on the initial IHA, have been considered in the development of this proposed IHA renewal, and a summary of agency responses to applicable comments is included in this notice. NMFS will consider any additional public comments prior to making any final decision on the issuance of the requested renewal, and agency responses will be summarized in the final notice of our decision.

National Environmental Policy Act

To comply with the National Environmental Policy Act of 1969 (NEPA; 42 U.S.C. 4321 *et seq.*) and NOAA Administrative Order (NAO) 216–6A, NMFS must review our proposed action (*i.e.,* the issuance of a renewal IHA) with respect to potential impacts on the human environment.

This action is consistent with categories of activities identified in Categorical Exclusion B4 (incidental take authorizations with no anticipated serious injury or mortality) of the Companion Manual for NAO 216–6A, which do not individually or cumulatively have the potential for significant impacts on the quality of the human environment and for which we have not identified any extraordinary circumstances that would preclude this categorical exclusion. Accordingly, NMFS determined that the issuance of the initial IHA qualified to be categorically excluded from further NEPA review. NMFS has preliminarily determined that the application of this categorical exclusion remains appropriate for this renewal IHA.

History of Request

On September 5, 2025, NMFS issued an IHA to TMC to take marine mammals incidental to Seward Cruise Ship Passenger Dock and Terminal Facility project in Seward, AK (90 FR 44047, September 11, 2025), effective from September 21, 2025, through September 20, 2026. On June 23, 2026, NMFS received an application for the renewal of that initial IHA. As described in the application for the renewal IHA, the activities for which authorization of incidental take is requested consist of activities that are covered by the initial authorization but will not be completed prior to its expiration. As required, the applicant also provided a preliminary monitoring report which confirms that the applicant has implemented the required mitigation and monitoring, and which also shows that no impacts of a scale or nature not previously analyzed or authorized have occurred as a result of the activities conducted.

Description of the Specified Activities and Anticipated Impacts

The purpose of this construction project is to remove an existing passenger dock and replace it with a new passenger dock to provide safe harbor for cruise ships and passengers during the visitor season and limited freight and utilities in the off-season at the head of Resurrection Bay in Seward, Alaska. As described in detail in the notice for the proposed (90 FR 34463, July 22, 2025) and final (90 FR 44047, September 11, 2025) initial IHAs, the in-water construction activities include vibratory removal of existing H and steel pipe piles, vibratory installation and removal of temporary steel pipe piles, vibratory and impact installation of permanent steel pipe piles, and down-the-hole drilling (DTH) if required for installation of steel pipe piles deep into the bedrock. Under the initial IHA, TMC completed the majority of planned activities. However, a one-year renewal of the initial IHA is needed to complete installation of a small number of remaining piles. Takes of marine mammals by Level A harassment and Level B harassment are expected to occur as a result of noise produced by impact and vibratory pile driving, vibratory removal, and DTH.

Detailed Description of the Activity

A detailed description of the construction activities for which authorization of take is proposed here may be found in the notices of the proposed (90 FR 34463, July 22, 2025) and final IHAs (90 FR 44047, September 11, 2025) for the initial authorization. The location and nature of the activities, including the types of equipment planned for use, are identical to those described in the previous notices. Under the initial IHA, TMC completed the majority project activities (table 1). Remaining activities include the installation and removal of eight temporary 36-inch (in) steel piles and installation of eight permanent 48-in steel piles using vibratory and impact piling and DTH over 12 construction days.

TABLE 1—NUMBER AND TYPE OF PILES INSTALLED AND REMOVED UNDER THE INITIAL IHA AND RENEWAL IHA

Method	Pile size and type	Activity duration (minutes (strikes)/pile) [1]	Max piles per day	Number of piles completed under Initial IHA [under Renewal IHA]	Estimated days of work completed under Initial IHA [under Renewal IHA]
Vibratory Pile Driving					
Existing Pile removal	14-in H-pile	5	40	1,820	46
Existing Pile removal	20-in steel pile	10	4	10	2.5
Temporary Pile Installation	36-in steel pile	10	6	92 [8]	31 [2]
Temporary Pile Removal	36-in steel pile	10	6	92 [8]	31 [2]
Permanent Pile Installation	48-in steel pile	10	6	68 [8]	11 [2]
Permanent Pile Installation	60-in steel pile	15	4	16	16
Permanent Pile Installation	72-in steel pile	20	4	16	16
Impact Pile Driving					
Permanent Pile Installation	48-in steel pile	3,000	4	68 [8]	17 [2]
Permanent Pile Installation	60-in steel pile	3,000	3	16	16
Permanent Pile Installation	72-in steel pile	3,000	3	16	16
DTH					
Temporary Pile Installation	36-in steel pile	120	4	16 [8]	4 [2]
Permanent Pile Installation	48-in steel pile	150	4	16 [8]	4 [2]
Permanent Pile Installation	60-in steel pile	240	2	8	8
Permanent Pile Installation	72-in steel pile	360	2	5	5

[1] Vibratory pile driving and DTH units are minutes per pile. Impact pile driving units are strikes per pile.

The proposed renewal would be effective for a period not exceeding 1 year from the date of expiration of the initial IHA.

Description of Marine Mammals

A description of the marine mammals project area for which authorization of take is proposed here, including information on abundance, status, distribution, and hearing, may be found in the notice of the proposed IHA (90 FR 34463, July 22, 2025) for the initial authorization. NMFS has reviewed the monitoring data from the initial IHA, recent stock assessment reports, and other scientific literature, and determined there is no new information that affects which species or stocks have the potential to be affected or the pertinent information in the Description of the Marine Mammals in the Area of Specified Activities contained in the supporting documents for the initial IHA.

Potential Effects on Marine Mammals and their Habitat

A description of the potential effects of the specified activity on marine mammals and their habitat for the activities for which an authorization of incidental take is proposed here may be found in the notice of the proposed IHA (90 FR 34463, July 22, 2025) for the initial authorization. NMFS has reviewed the monitoring data from the initial IHA, recent stock assessment reports, and other scientific literature, and determined that there is no new information that affects our initial analysis of impacts on marine mammals and their habitat.

Estimated Take

A detailed description of the methods and inputs used to estimate take for the specified activity are found in the notice of the proposed IHA (90 FR 34463, July 22, 2025) for the initial authorization. The source levels and marine mammal occurrence data applicable to this authorization remain unchanged from the previously issued IHA. Similarly, the stocks taken, methods of take, and types of take remain unchanged from the previously issued IHA. The estimated number of takes proposed for authorization (table 2) is based on the subset of activities to be completed under this renewal IHA and, therefore, represents a proportion of the initially authorized takes. These takes reflect the estimated remaining number of days of work and number of piles to be driven.

Estimated take by Level A and Level B harassment for the proposed renewal was calculated using the same methodology as in the initial final (90 FR 44047, September 11, 2025) IHA.

TABLE 2—ESTIMATED TAKE BY LEVEL A HARASSMENT AND LEVEL B HARASSMENT BY SPECIES AND STOCK

Common name	Scientific name	Stock	Level A harassment	Level B harassment	Proposed take as percentage of stock
Gray Whale	*Eschrichtius robustus*	Eastern North Pacific	1	1	<1
Fin Whale	*Balaenoptera physalus*	Northeast Pacific	1	1	[1] <1
Humpback Whale	*Megaptera novaeangliae*	Hawaiʻi	1	11	<1
		Mexico-North Pacific		1	[3] <1
		Western North Pacific		0	N/A
Killer Whale [1]	*Orcinus orca*	Eastern North Pacific Alaska Resident	1	12	<1
		AT1 Transient	0	0	NA
		Eastern North Pacific Gulf of Alaska, Aleutian Islands and Bering Sea Transient.	0	0	NA
Dall's Porpoise	*Phocoenoides dalli*	Alaska	2	5	<1
Harbor Porpoise	*Phocoena phocoena*	Gulf of Alaska	1	12	<1
Steller Sea Lion	*Eumetopias jubatus*	Western	2	96	<1
Harbor Seal	*Phoca vitulina*	Prince William Sound	6	144	<1

Description of Proposed Mitigation, Monitoring and Reporting Measures

The proposed mitigation, monitoring, and reporting measures included as requirements in this authorization are identical to those included in the **Federal Register** notice announcing the issuance of the initial IHA (90 FR 44049, September 11, 2025), and the discussion of the least practicable adverse impact included in that document and the notice of the proposed IHA (90 FR 34463, July 22, 2025) for the initial authorization remains accurate. The initial IHA included a measure requiring that TMC deploy a bubble curtain during installation of all 60- and 72- in piles and at least 12 of the 48-in piles used in the installation of the mooring dolphins). TMC completed these requirements under the initial IHA, thus, the renewal IHA would not have a bubble curtain requirement. The following measures are proposed for this renewal:

• TMC must employ NMFS-approved PSOs and establish monitoring locations to the maximum extent possible based on the required number of PSOs, required monitoring locations, and environmental conditions.

• Monitoring must take place from 30 minutes prior to initiation of pile driving and DTH activity (*i.e.,* pre-start clearance monitoring) through 30 minutes post completion of pile driving and DTH activity.

Pre-start clearance monitoring must be conducted during periods of sufficient visibility or the lead PSO to determine that the shutdown zones are clear of marine mammals.

• If a marine mammal is observed entering or within the shutdown zones pile driving and DTH activity must be delayed or halted.

• If pile driving or DTH is delayed or halted due to the presence of a marine mammal, the activity may not commence or resume until either the animal has voluntarily exited and been visually confirmed beyond the required shutdown zones or 15 minutes have passed (delphinids and pinnipeds) or 30 minutes for all other species without redetection of the animal.

• Soft start techniques must be used when impact pile driving.

• Pile driving and DTH activity must be halted upon observation of either a species for which incidental take is not authorized or a species for which incidental take has been authorized but the authorized number of takes has been met, entering or within the harassment zone.

• TMC must shut down construction operations if a marine mammal comes within 10 m of construction activity to avoid direct physical interaction with marine mammals.

• TMC must submit a draft marine mammal monitoring report to NMFS within 90 days after the completion of pile driving and DTH activities or 60 calendar days prior to the requested issuance of any subsequent IHA for construction activity at the same location, whichever comes first. A final report must be prepared and submitted within 30 calendar days following receipt of any NMFS comments on the draft report.

• All injured or dead marine mammals must be reported to the Office of Protected Resources and to the Alaska Regional Stranding Network.

Table 3 provides a subset of the shutdown zones from the initial 2025 IHA, limited to the pile types TMC would install under the renewal IHA (*i.e.,* 36- and 48-in steel piles).

TABLE 3—PROPOSED SHUTDOWN AND LEVEL B HARASSMENT ZONES (m)

Method	Pile size and type	Shutdown zone					Level B harassment zone
		LF	HF	VHF	PW	OW	
Vibratory Install and removal	36-in steel pile (temporary)	20	10	20	30	10	11,660
Vibratory Install	48-in steel pile	45	20	35	60	20	[1] 24,100
Impact Install	48-in steel pile	2,000	365	300	300	300	1,360
DTH	36-in steel pile (temporary)	2,000	405	300	300	300	[1] 24,100

[1] The Level B harassment zone is truncated by landmass interception, limited to a maximum of 24,100 m.

Comments and Responses

NMFS published a notice of a proposed IHA (90 FR 34463, July 22, 2025) and solicited public comments on both our proposal to issue the initial IHA for the Seward Passenger Dock and on the potential for a renewal IHA, should certain requirements be met. No comments were submitted by the public.

Preliminary Determinations

TMC's action will require completing a subset of pile driving activities that were not completed under the initial IHA (*i.e.,* installation of 8 permanent piles using 8 temporary template piles). The method of taking and effects of the work were analyzed in the initial IHA. Work planned under the initial IHA was expected to take 203 in-water construction days. TMC estimates that only 12 days of work remain. The take estimate for the renewal IHA is based on the activities proposed to occur during these remaining days. The proposed renewal take numbers represent a subset of the total take authorized under the initial IHA. In analyzing the effects of the activities for the initial IHA, NMFS determined that TMC's activities would have a negligible impact on the affected species or stocks and that authorized take numbers of each species or stock were small relative to the relevant stocks (*e.g.,* less than one-third the abundance of all stocks). The mitigation measures and monitoring and reporting requirements as described above are identical to the initial 2025 IHA. NMFS has preliminarily concluded that there is no new information suggesting that our analysis or findings should change from those reached for the initial IHA. Based on the information and analysis contained here and in the referenced documents, NMFS has determined the following: (1) the required mitigation measures will effect the least practicable impact on marine mammal species or stocks and their habitat; (2) the authorized takes will have a negligible impact on the affected marine mammal species or stocks; (3) the authorized takes represent small numbers of marine mammals relative to the affected stock abundances; (4) TMC's activities will not have an unmitigable adverse impact on taking for subsistence purposes as no subsistence uses of marine mammals would be affected by this action, and; (5) appropriate monitoring and reporting requirements are included.

Endangered Species Act

Section 7(a)(2) of the Endangered Species Act of 1973 (ESA, 16 U.S.C. 1531 *et seq.*) requires that each Federal agency ensure that any action it authorizes, funds, or carries out is not likely to jeopardize the continued existence of any endangered or threatened species or result in the destruction or adverse modification of designated critical habitat. To ensure ESA compliance for the issuance of IHAs, NMFS consults internally whenever we propose to authorize take for endangered or threatened species.

The NMFS Alaska Regional Office issued a Biological Opinion under section 7 of the ESA (16 U.S.C. 1531 *et seq.*) on the issuance of an IHA and potential renewal IHA to TMC under section 101(a)(5)(D) of the MMPA by the NMFS Office of Protected Resources. NMFS is authorizing take of the following distinct population segments: Western United States Steller sea lion, Western North Pacific humpback whale, the Mexico humpback whale, and fin whale, which are listed under the ESA. The Alaska Regional Office's biological opinion states that the action is not likely to jeopardize the continued existence of the listed species.

Proposed Renewal IHA and Request for Public Comment

As a result of these preliminary determinations, NMFS proposes to issue a renewal IHA to TMC for authorization to take marine mammals incidental to Seward Cruise Ship Passenger Dock and Terminal Facility project in Seward, Alaska from September 20, 2026, through September 1, 2027, provided the previously described mitigation, monitoring, and reporting requirements are incorporated. The initial IHA can be found at *https://www.fisheries.noaa.gov/permit/incidental-take-authorizations-under-marine-mammal-protection-act.* We request comment on our analyses, the proposed renewal IHA, and any other aspect of this notice. Please include with your comments any supporting data or literature citations to help inform our final decision on the request for this renewal IHA.

Dated: September 2, 2026.

Kimberly Damon-Randall,

Director, Office of Protected Resources, National Marine Fisheries Service.

[FR Doc. 2026–18189 Filed 9–4–26; 8:45 am]

BILLING CODE 3510–22–P

DEPARTMENT OF EDUCATION

[Docket No.: ED–2026–SCC–2377]

Agency Information Collection Activities; Submission to the Office of Management and Budget for Review and Approval; Comment Request; Revocation of Consent To Share Federal Tax Information Form

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 a reinstatement without change of a previously approved information collection request (ICR).

DATES: Interested persons are invited to submit comments on or before October 8, 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: Revocation of Consent to Share Federal Tax Information Form

OMB Control Number: 1845–0177

Type of Review: Reinstatement without change of a previously approved ICR

Respondents/Affected Public: Individuals or Households

Total Estimated Number of Annual Responses: 15,300

Total Estimated Number of Annual Burden Hours: 518

Abstract: The FUTURE Act allows Federal Student Aid (FSA) to receive customers' Federal Tax Information (FTI) from the Internal Revenue Service (IRS) through the Internal Revenue Code § 6103 for purposes of administering the Free Application for Federal Student Aid (FAFSA®) and income-driven repayment (IDR) plans. Since customers are required to provide consent for this process, we need to provide an option for them to revoke consent. This is a request for a reinstatement of the previously approved information collection for the form that allows individuals to revoke previous consent for FTI for the purposes of administration of Title IV of the Higher Education Act of 1965, as amended, student financial aid activities.

Ross Santy,

Chief Data Officer,Office of Planning, Evaluation and Policy Development.

[FR Doc. 2026–18225 Filed 9–4–26; 8:45 am]

BILLING CODE 4000–01–P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Docket No. CP26–571–000]

Transcontinental Gas Pipe Line Company, LLC; Notice of Request Under Blanket Authorization and Establishing Intervention and Protest Deadline

Take notice that on August 28, 2026, Transcontinental Gas Pipe Line Company, LLC (Transco), P.O. Box 1396, Houston, Texas 77251–1396, filed in the above referenced docket, a prior notice request pursuant to sections 157.205 and 157.208 of the Commission's regulations under the Natural Gas Act (NGA) and Transco's blanket certificate issued in Docket No. CP82–426–000 for authorization to install two air-cooled inlet air chillers on main units 1 and 2 at Station 116 on its Dalton Lateral in Carroll County, Georgia. The Project will enable Transco to provide Digital Realty Trust, L.P. with 75,000 dekatherms per day of incremental firm transportation service from Transco's existing Dalton Lateral Transfer Point in Coweta County, Georgia to a new interconnection on the Dalton Lateral in Bartow County, Georgia to support new power generation demand. Transco asserts that the Project will not increase Station 116's certificated horsepower. Transco estimates the cost the Project to be approximately $20.1 million, all as more fully set forth in the request which is on file with the Commission and open to public inspection.

In addition to publishing the full text of this document in the **Federal Register**, the Commission provides all interested persons an opportunity to view and/or print the contents of this document via the internet through the Commission's Home Page (*http://www.ferc.gov*). From the Commission's Home Page on the internet, this information is available on eLibrary. The full text of this document is available on eLibrary in PDF and Microsoft Word format for viewing, printing, and/or downloading. To access this document in eLibrary, type the docket number excluding the last three digits of this document in the docket number field.

User assistance is available for eLibrary and the Commission's website during normal business hours from FERC Online Support at (202) 502–6652 (toll free at 1–866–208–3676) or email at *ferconlinesupport@ferc.gov,* or the Public Reference Room at (202) 502–8371, TTY (202) 502–8659. Email the Public Reference Room at *public.referenceroom@ferc.gov.*

Any questions concerning this request should be directed to Stephen Hatridge, Vice President, Rates and Regulatory, Transcontinental Gas Pipe Line Company, LLC, P.O. Box 1396, Houston, Texas 77251–1396, by phone at (713) 215–2659, or by email at *Stephen.A.Hatridge@Williams.com.*

Public Participation

There are three ways to become involved in the Commission's review of this project: you can file a protest to the project, you can file a motion to intervene in the proceeding, and you can file comments on the project. There is no fee or cost for filing protests, motions to intervene, or comments. The deadline for filing protests, motions to intervene, and comments is 5:00 p.m. Eastern Time on November 2, 2026. How to file protests, motions to intervene, and comments is explained below.

For public inquiries and assistance with making filings such as interventions, comments, or requests for rehearing, contact the Office of Public Participation (OPP) at (202) 502–6595 or *OPP@ferc.gov.*

Protests

Pursuant to section 157.205 of the Commission's regulations under the NGA,[1] any person[2] or the Commission's staff may file a protest to the request. If no protest is filed within the time allowed or if a protest is filed and then withdrawn within 30 days after the allowed time for filing a protest, the proposed activity shall be deemed to be authorized effective the day after the time allowed for protest. If a protest is filed and not withdrawn within 30 days after the time allowed for filing a protest, the instant request for authorization will be considered by the Commission.

Protests must comply with the requirements specified in section 157.205(e) of the Commission's regulations,[3] and must be submitted by the protest deadline, which is 5:00 p.m. Eastern Time on November 2, 2026. Filings that do not meet requirements of 18 CFR 157.205(e)(2)[4] will not be considered protests by the Commission.[5] A protest may also serve as a motion to intervene so long as the protestor states it also seeks to be an intervenor.

Interventions

Any person has the option to file a motion to intervene in this proceeding. Only intervenors have the right to request rehearing of Commission orders issued in this proceeding and to subsequently challenge the Commission's orders in the U.S. Circuit Courts of Appeal.

To intervene, you must submit a motion to intervene to the Commission in accordance with Rule 214 of the Commission's Rules of Practice and Procedure[6] and the regulations under the NGA[7] by the intervention deadline for the project, which is 5:00 p.m. Eastern Time on November 2, 2026. As described further in Rule 214, your motion to intervene must state, to the extent known, your position regarding the proceeding, as well as your interest in the proceeding. For an individual, this could include your status as a

[1] 18 CFR 157.205.

[2] Persons include individuals, organizations, businesses, municipalities, and other entities. 18 CFR 385.102(d).

[3] 18 CFR 157.205(e).

[4] 18 CFR 157.205(e)(2).

[5] *Cheniere Creole Trail Pipeline, L.P.,* 195 FERC ¶ 61,208, at P 8 n.16 (2026).

[6] 18 CFR 385.214.

[7] 18 CFR 157.10.

landowner, ratepayer, resident of an impacted community, or recreationist. You do not need to have property directly impacted by the project in order to intervene. For more information about motions to intervene, refer to the FERC website at *https://www.ferc.gov/resources/guides/how-to/intervene.asp.*

All timely, unopposed motions to intervene are automatically granted by operation of Rule 214(c)(1). Motions to intervene that are filed after the intervention deadline are untimely and may be denied. Any late-filed motion to intervene must show good cause for being late and must explain why the time limitation should be waived and provide justification by reference to factors set forth in Rule 214(d) of the Commission's Rules and Regulations. A person obtaining party status will be placed on the service list maintained by the Secretary of the Commission and will receive copies (paper or electronic) of all documents filed by the applicant and by all other parties.

Comments

Any person wishing to comment on the project may do so. The Commission considers all comments received about the project in determining the appropriate action to be taken. To ensure that your comments are timely and properly recorded, please submit your comments on or before 5:00 p.m. Eastern Time on November 2, 2026. The filing of a comment alone will not serve to make the filer a party to the proceeding. To become a party, you must intervene in the proceeding.

How To File Protests, Interventions, and Comments

There are two ways to submit protests, motions to intervene, and comments. In both instances, please reference the Project docket number CP26–571–000 in your submission.

(1) You may file your protest, motion to intervene, and comments by using the Commission's eFiling feature, which is located on the Commission's website (*www.ferc.gov*) under the link to Documents and Filings. New eFiling users must first create an account by clicking on ''eRegister.'' You will be asked to select the type of filing you are making; first select ''General'' and then select ''Protest'', ''Intervention'', or ''Comment on a Filing''; or [8]

[8] Additionally, you may file your comments electronically by using the eComment feature, which is located on the Commission's website at *www.ferc.gov* under the link to Documents and Filings. Using eComment is an easy method for interested persons to submit brief, text-only comments on a project.

(2) You can file a paper copy of your submission by mailing it to the address below. Your submission must reference the Project docket number CP26–571–000.

To file via USPS: Debbie-Anne A. Reese, Secretary, Federal Energy Regulatory Commission, 888 First Street NE, Washington, DC 20426.

To file via any other method: Debbie-Anne A. Reese, Secretary, Federal Energy Regulatory Commission, 12225 Wilkins Avenue, Rockville, Maryland 20852.

The Commission encourages electronic filing of submissions (option 1 above) and has eFiling staff available to assist you at (202) 502–8258 or *FercOnlineSupport@ferc.gov.*

Protests and motions to intervene must be served on the applicant either by mail at: Stephen Hatridge, Vice President, Rates and Regulatory, Transcontinental Gas Pipe Line Company, LLC, P.O. Box 1396, Houston, Texas 77251–1396, or by email (with a link to the document) at *Stephen.A.Hatridge@Williams.com.* Any subsequent submissions by an intervenor must be served on the applicant and all other parties to the proceeding. Contact information for parties can be downloaded from the service list at the eService link on FERC Online.

Tracking the Proceeding

Throughout the proceeding, additional information about the project will be available from OPP at (202) 502–6595 or on the FERC website at *www.ferc.gov* using the ''eLibrary'' link as described above. The eLibrary link also provides access to the texts of all formal documents issued by the Commission, such as orders, notices, and rulemakings.

In addition, the Commission offers a free service called eSubscription which allows you to keep track of all formal issuances and submittals in specific dockets. This can reduce the amount of time you spend researching proceedings by automatically providing you with notification of these filings, document summaries, and direct links to the documents. For more information and to register, go to *www.ferc.gov/docs-filing/esubscription.asp.*

(Authority: 18 CFR 2.1)

Dated: September 2, 2026.

Carlos D. Clay,

Deputy Secretary.

[FR Doc. 2026–18228 Filed 9–4–26; 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: EC26–92–000.
Applicants: Long Ridge Energy Generation LLC, Long Ridge Retail Electric Supplier LLC.
Description: Response to 08/25/2026, Deficiency Letter of Long Ridge Energy Generation, LLC, et al.
Filed Date: 9/1/26.
Accession Number: 20260901–5315.
Comment Date: 5 p.m. ET 9/15/26.

Docket Numbers: EC26–163–000.
Applicants: Steele Flats Wind I, LLC, Steele Flats Energy Storage, LLC.
Description: Joint Application for Authorization Under Section 203 of the Federal Power Act of Steele Flats Wind I, LLC, et al.
Filed Date: 8/31/26.
Accession Number: 20260831–5319.
Comment Date: 5 p.m. ET 9/21/26.

Take notice that the Commission received the following Exempt Wholesale Generator filings:

Docket Numbers: EG26–302–000.
Applicants: HIVOLT POWER II LLC.
Description: HIVOLT POWER II LLC submits Notice of Self-Certification of Exempt Wholesale Generator Status.
Filed Date: 8/31/26.
Accession Number: 20260831–5297.
Comment Date: 5 p.m. ET 9/21/26.

Docket Numbers: EG26–303–000.
Applicants: HIVOLT POWER III LLC.
Description: HIVOLT POWER III LLC submits Notice of Self-Certification of Exempt Wholesale Generator Status.
Filed Date: 8/31/26.
Accession Number: 20260831–5298.
Comment Date: 5 p.m. ET 9/21/26.

Docket Numbers: EG26–304–000.
Applicants: HIVOLT POWER IV LLC.
Description: HIVOLT POWER IV LLC submits Notice of Self-Certification of Exempt Wholesale Generator Status.
Filed Date: 8/31/26.
Accession Number: 20260831–5299.
Comment Date: 5 p.m. ET 9/21/26.

Docket Numbers: EG26–305–000.
Applicants: HIVOLT POWER V LLC.
Description: HIVOLT POWER V LLC submits Notice of Self-Certification of Exempt Wholesale Generator Status.
Filed Date: 8/31/26.
Accession Number: 20260831–5300.
Comment Date: 5 p.m. ET 9/21/26.

Docket Numbers: EG26–306–000.
Applicants: Badger State Solar, LLC.
Description: Badger State Solar, LLC submits Notice of Self-Certification of Exempt Wholesale Generator Status.

Filed Date: 9/1/26.
Accession Number: 20260901–5282.
Comment Date: 5 p.m. ET 9/22/26.

Docket Numbers: EG26–307–000.
Applicants: GREE bn, LLC.
Description: GREE bn, LLC submits Notice of Self-Certification of Exempt Wholesale Generator Status.
Filed Date: 9/1/26.
Accession Number: 20260901–5283.
Comment Date: 5 p.m. ET 9/22/26.

Take notice that the Commission received the following Complaints and Compliance filings in EL Dockets:

Docket Numbers: EL26–103–000.
Applicants: Maine Office of the Public Advocate et al. v. *ISO New England Inc. et al.*
Description: Complaint of Maine Office of the Public Advocate et al. v. *ISO New England Inc. et al.*
Filed Date: 9/1/26.
Accession Number: 20260901–5183
Comment Date: 5 p.m. ET 9/21/26.

Take notice that the Commission received the following Electric Rate filings:

Docket Numbers: ER09–1641–000.
Applicants: Idaho Power Company.
Description: Annual Informational Filing of 2025 Formula Rate Annual Update of Idaho Power Company.
Filed Date: 9/1/26.
Accession Number: 20260901–5308.
Comment Date: 5 p.m. ET 9/22/26.

Docket Numbers: ER10–37–000.
Applicants: Idaho Power Company.
Description: Notice of Cancellation of Rate Schedule No. 153 with Clatskanie People's Utility District of Idaho Power Company.
Filed Date: 8/28/26.
Accession Number: 20260828–5349.
Comment Date: 5 p.m. ET 9/18/26.

Docket Numbers: ER18–1977–002; ER18–2217–001; ER18–2194–002; ER19–117–002; ER19–118–002.
Applicants: Innovative Solar 67, LLC, Innovative Solar 54, LLC, Fox Creek Farm Solar, LLC, Buckleberry Solar, LLC, Brantley Farm Solar, LLC.
Description: Supplement to Response to 12/09/2025 Deficiency Letter of Brantley Farm Solar, LLC et al.
Filed Date: 9/1/26.
Accession Number: 20260901–5310.
Comment Date: 5 p.m. ET 9/22/26.

Docket Numbers: ER21–2454–000; ER21–2456–000.
Applicants: Rainbow Energy Marketing Corporation, Rainbow Energy Marketing Corporation.
Description: Motion to Reopen and Reverse WECC Refund Orders of Rainbow Energy Marketing Corporation.
Filed Date: 9/1/26.
Accession Number: 20260901–5311.
Comment Date: 5 p.m. ET 9/22/26.

Docket Numbers: ER26–3427–001.
Applicants: Ameren Illinois Company, Midcontinent Independent System Operator, Inc., Ameren Illinois Company.
Description: Tariff Amendment: Ameren Illinois Company submits tariff filing per 35.17(b): 2026–09–02_SA 4825 Ameren Illinois-Prairie Flats Solar Sub E&P (J2273) to be effective 8/6/2026.
Filed Date: 9/2/26.
Accession Number: 20260902–5057.
Comment Date: 5 p.m. ET 9/22/26.

Docket Numbers: ER26–3446–000.
Applicants: Pacific Gas and Electric Company.
Description: Notice of Termination of Service Agreement No. 68 under Pacific Gas and Electric Company's FERC Electric Tariff Volume No. 5.
Filed Date: 7/30/26.
Accession Number: 20260730–5217.
Comment Date: 5 p.m. ET 9/19/26.

Docket Numbers: ER26–3681–000.
Applicants: Southwest Power Pool, Inc.
Description: § 205(d) Rate Filing: 4897 OPPD GIA to be effective 8/11/2026.
Filed Date: 9/2/26.
Accession Number: 20260902–5026.
Comment Date: 5 p.m. ET 9/23/26.

Docket Numbers: ER26–3682–000.
Applicants: Southwest Power Pool, Inc.
Description: § 205(d) Rate Filing: 4898 OPPD GIA to be effective 8/11/2026.
Filed Date: 9/2/26.
Accession Number: 20260902–5027.
Comment Date: 5 p.m. ET 9/23/26.

Docket Numbers: ER26–3683–000.
Applicants: Southwest Power Pool, Inc.
Description: § 205(d) Rate Filing: 4899 OPPD GIA to be effective 8/11/2026.
Filed Date: 9/2/26.
Accession Number: 20260902–5028.
Comment Date: 5 p.m. ET 9/23/26.

Docket Numbers: ER26–3684–000.
Applicants: Southwest Power Pool, Inc.
Description: § 205(d) Rate Filing: Revisions to Markets+ Tariff to Update RTBM Results to be effective 12/31/9998.
Filed Date: 9/2/26.
Accession Number: 20260902–5044.
Comment Date: 5 p.m. ET 9/23/26.

Docket Numbers: ER26–3685–000.
Applicants: Southwest Power Pool, Inc.
Description: § 205(d) Rate Filing: Revisions to Clarify the Conditional High Impact Large Load Policy to be effective 12/31/9998.
Filed Date: 9/2/26.
Accession Number: 20260902–5062.
Comment Date: 5 p.m. ET 9/23/26.

Docket Numbers: ER26–3687–000.
Applicants: Switchgrass Plains Solar, LLC.
Description: § 205(d) Rate Filing: Application for Market-Based Rate Authority to be effective 10/9/2026.
Filed Date: 9/2/26.
Accession Number: 20260902–5104.
Comment Date: 5 p.m. ET 9/23/26.

Docket Numbers: ER26–3688–000.
Applicants: Great Plains Solar, LLC.
Description: § 205(d) Rate Filing: Application for Market-Based Rate Authority to be effective 10/9/2026.
Filed Date: 9/2/26.
Accession Number: 20260902–5106.
Comment Date: 5 p.m. ET 9/23/26.

Docket Numbers: ER26–3689–000.
Applicants: ITC Midwest LLC.
Description: § 205(d) Rate Filing: ITCMW RS 239 Contribution in Aid and Construction Agreement to be effective 11/2/2026.
Filed Date: 9/2/26.
Accession Number: 20260902–5110.
Comment Date: 5 p.m. ET 9/23/26.

Docket Numbers: ER26–3691–000.
Applicants: Southwest Power Pool, Inc.
Description: § 205(d) Rate Filing: Revisions for Improvements to the Provisional Load Process to be effective 11/2/2026.
Filed Date: 9/2/26.
Accession Number: 20260902–5121.
Comment Date: 5 p.m. ET 9/23/26.

Docket Numbers: ER26–3692–000.
Applicants: Niagara Mohawk Power Corporation, New York Independent System Operator, Inc.
Description: § 205(d) Rate Filing: New York Independent System Operator, Inc. submits tariff filing per 35.13(a)(2)(iii): NYISO-National Grid Joint 205: Second Amended SGIA Dolan Solar SA2720 to be effective 8/19/2026.
Filed Date: 9/2/26.
Accession Number: 20260902–5123.
Comment Date: 5 p.m. ET 9/23/26.

Docket Numbers: ER26–3693–000.
Applicants: J.P. Morgan Ventures Energy Corporation.
Description: Compliance filing: Baseline MBR Tariff Refile to be effective 10/1/2026.
Filed Date: 9/2/26.
Accession Number: 20260902–5131.
Comment Date: 5 p.m. ET 9/23/26.

Docket Numbers: ER26–3694–000.
Applicants: Alabama Power Company, Georgia Power Company, Mississippi Power Company.
Description: § 205(d) Rate Filing: Alabama Power Company submits tariff filing per 35.13(a)(2)(iii): Mobile Energy

(Hog Bayou) Amended and Restated LGIA Filing to be effective 8/19/2026.

Filed Date: 9/2/26.

Accession Number: 20260902–5133.

Comment Date: 5 p.m. ET 9/23/26.

Take notice that the Commission received the following Electric Reliability Filings:

Docket Numbers: RD26–10–000.

Applicants: North American Electric Reliability Corporation.

Description: Petition of the North American Electric Reliability Corporation for Approval of Proposed Reliability Standard PRC–029–2.

Filed Date: 8/28/26.

Accession Number: 20260828–5350.

Comment Date: 5 p.m. ET 9/28/26.

Docket Numbers: RD26–10–000.

Applicants: North American Electric Reliability Corporation.

Description: Errata to the 08/28/2026 Petition of the North American Electric Reliability Corporation for Approval of Proposed Reliability Standard PRC–029–2.

Filed Date: 9/1/26.

Accession Number: 20260901–5312.

Comment Date: 5 p.m. ET 9/28/26.

The filings are accessible in the Commission's eLibrary system by clicking on the links or 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 2, 2026.

Carlos D. Clay,

Deputy Secretary.

[FR Doc. 2026–18229 Filed 9–4–26; 8:45 am]

BILLING CODE 6717–01–P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Project No. 15021–012]

Bard College; Notice of Effectiveness of Withdrawal of Exhibit F Drawings

On August 12, 2026, Bard College (exemptee) filed revised Exhibit F drawings to incorporate the revised American eel downstream passage bypass at the project intake at the Annandale Micro Hydropower Project No. 15021.[1] On August 14, 2026, the exemptee filed a notice of withdrawal of the Exhibit F drawings. The unconstructed project is located on the Saw Kill, a tributary of the Hudson River, in the Town of Red Hook, Dutchess County, New York. The project does not occupy federal land.

No motion in opposition to the notice of withdrawal has been filed, and the Commission has taken no action to disallow the withdrawal. Pursuant to Rule 216(b) of the Commission's Rules of Practice and Procedure,[2] the withdrawal of the Exhibit F drawings became effective on August 31, 2026,[3] and this proceeding is hereby terminated.

(Authority: 18 CFR 2.1)

Dated: September 2, 2026.

Carlos D. Clay,

Deputy Secretary.

[FR Doc. 2026–18227 Filed 9–4–26; 8:45 am]

BILLING CODE 6717–01–P

[1] *Bard College,* 184 FERC ¶ 62,058 (2023).

[2] 18 CFR 385.216(b) (2025).

[3] *See* 18 CFR 385.2007 (2025).

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Docket No. CP26–570–000]

Enable Gas Transmission, LLC Notice of Request Under Blanket Authorization and Establishing Intervention and Protest Deadline

Take notice that on August 27, 2026, Enable Gas Transmission, LLC (EGT), 1300 Main Street, Houston, Texas 77002, filed in the above referenced docket, a prior notice request pursuant to sections 157.205 and 157.208(f)(2) of the Commission's regulations under the Natural Gas Act (NGA), and EGT's blanket certificate issued in Docket Nos. CP82–384–000 and CP82–384–001, for authorization to reduce the permanent Maximum Allowable Operating Pressure (MAOP) of EGT's existing Line ST–8 located in Bossier Parish, Louisiana. The project will allow EGT to maintain compliance with Pipeline and Hazardous Material Safety Administration (PHMSA) regulations and provide more efficient operations, all as more fully set forth in the request which is on file with the Commission and open to public inspection.

In addition to publishing the full text of this document in the **Federal Register**, the Commission provides all interested persons an opportunity to view and/or print the contents of this document via the internet through the Commission's Home Page (*http://www.ferc.gov*). From the Commission's Home Page on the internet, this information is available on eLibrary. The full text of this document is available on eLibrary in PDF and Microsoft Word format for viewing, printing, and/or downloading. To access this document in eLibrary, type the docket number excluding the last three digits of this document in the docket number field.

User assistance is available for eLibrary and the Commission's website during normal business hours from FERC Online Support at (202) 502–6652 (toll free at 1–866–208–3676) or email at *ferconlinesupport@ferc.gov,* or the Public Reference Room at (202) 502–8371, TTY (202) 502–8659. Email the Public Reference Room at *public.referenceroom@ferc.gov.*

Any questions concerning this request should be directed to Blair Lichtenwalter, Senior Director, Certificates, Enable Gas Transmission, LLC, 1300 Main Street, Houston, Texas 77002, by phone at (713) 989–2605, or by email at *Blair.Lichtenwalter@energytransfer.com.*

Public Participation

There are three ways to become involved in the Commission's review of this project: you can file a protest to the project, you can file a motion to intervene in the proceeding, and you can file comments on the project. There is no fee or cost for filing protests, motions to intervene, or comments. The deadline for filing protests, motions to intervene, and comments is 5:00 p.m. Eastern Time on November 2, 2026. How to file protests, motions to intervene, and comments is explained below.

For public inquiries and assistance with making filings such as interventions, comments, or requests for rehearing, contact the Office of Public Participation (OPP) at (202) 502–6595 or *OPP@ferc.gov.*

Protests

Pursuant to section 157.205 of the Commission's regulations under the NGA,[1] any person [2] or the Commission's staff may file a protest to the request. If no protest is filed within the time allowed or if a protest is filed and then withdrawn within 30 days after the allowed time for filing a protest, the proposed activity shall be deemed to be authorized effective the day after the time allowed for protest. If a protest is filed and not withdrawn within 30 days after the time allowed for filing a protest, the instant request for authorization will be considered by the Commission.

Protests must comply with the requirements specified in section 157.205(e) of the Commission's regulations,[3] and must be submitted by the protest deadline, which is 5:00 p.m. Eastern Time on November 2, 2026. Filings that do not meet requirements of 18 CFR 157.205(e)(2) [4] will not be considered protests by the Commission.[5] A protest may also serve as a motion to intervene so long as the protestor states it also seeks to be an intervenor.

Interventions

Any person has the option to file a motion to intervene in this proceeding. Only intervenors have the right to request rehearing of Commission orders issued in this proceeding and to subsequently challenge the Commission's orders in the U.S. Circuit Courts of Appeal.

To intervene, you must submit a motion to intervene to the Commission in accordance with Rule 214 of the Commission's Rules of Practice and Procedure [6] and the regulations under the NGA [7] by the intervention deadline for the project, which is 5:00 p.m. Eastern Time on November 2, 2026. As described further in Rule 214, your motion to intervene must state, to the extent known, your position regarding the proceeding, as well as your interest in the proceeding. For an individual, this could include your status as a landowner, ratepayer, resident of an impacted community, or recreationist. You do not need to have property directly impacted by the project in order to intervene. For more information about motions to intervene, refer to the FERC website at *https://www.ferc.gov/resources/guides/how-to/intervene.asp.*

All timely, unopposed motions to intervene are automatically granted by operation of Rule 214(c)(1). Motions to intervene that are filed after the intervention deadline are untimely and may be denied. Any late-filed motion to intervene must show good cause for being late and must explain why the time limitation should be waived and provide justification by reference to factors set forth in Rule 214(d) of the Commission's Rules and Regulations. A person obtaining party status will be placed on the service list maintained by the Secretary of the Commission and will receive copies (paper or electronic) of all documents filed by the applicant and by all other parties.

Comments

Any person wishing to comment on the project may do so. The Commission considers all comments received about the project in determining the appropriate action to be taken. To ensure that your comments are timely and properly recorded, please submit your comments on or before 5:00 p.m. Eastern Time on November 2, 2026. The filing of a comment alone will not serve to make the filer a party to the proceeding. To become a party, you must intervene in the proceeding.

How To File Protests, Interventions, and Comments

There are two ways to submit protests, motions to intervene, and comments. In both instances, please reference the Project docket number CP26–570–000 in your submission.

(1) You may file your protest, motion to intervene, and comments by using the Commission's eFiling feature, which is located on the Commission's website (*www.ferc.gov*) under the link to Documents and Filings. New eFiling users must first create an account by clicking on ''eRegister.'' You will be asked to select the type of filing you are making; first select ''General'' and then select ''Protest'', ''Intervention'', or ''Comment on a Filing''; or [8]

(2) You can file a paper copy of your submission by mailing it to the address below. Your submission must reference the Project docket number CP26–570–000.

To file via USPS: Debbie-Anne A. Reese, Secretary, Federal Energy Regulatory Commission, 888 First Street NE, Washington, DC 20426.

To file via any other method: Debbie-Anne A. Reese, Secretary, Federal Energy Regulatory Commission, 12225 Wilkins Avenue, Rockville, Maryland 20852.

The Commission encourages electronic filing of submissions (option 1 above) and has eFiling staff available to assist you at (202) 502–8258 or *FercOnlineSupport@ferc.gov.*

Protests and motions to intervene must be served on the applicant either by mail at: Blair Lichtenwalter, Senior Director, Certificates, Enable Gas Transmission, LLC, 1300 Main Street, Houston, Texas 77002, or by email (with a link to the document) at *Blair.Lichtenwalter@energytransfer.com.* Any subsequent submissions by an intervenor must be served on the applicant and all other parties to the proceeding. Contact information for parties can be downloaded from the service list at the eService link on FERC Online.

Tracking The Proceeding

Throughout the proceeding, additional information about the project will be available from OPP at (202) 502–6595 or on the FERC website at *www.ferc.gov* using the ''eLibrary'' link as described above. The eLibrary link also provides access to the texts of all formal documents issued by the Commission, such as orders, notices, and rulemakings.

In addition, the Commission offers a free service called eSubscription which allows you to keep track of all formal issuances and submittals in specific dockets. This can reduce the amount of time you spend researching proceedings by automatically providing you with notification of these filings, document summaries, and direct links to the documents. For more information and to register, go to *www.ferc.gov/docs-filing/esubscription.asp.*

(Authority: 18 CFR 2.1)

Dated: September 2, 2026

Carlos D. Clay,

Deputy Secretary.

[FR Doc. 2026–18230 Filed 9–4–26; 8:45 am]

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[1] 18 CFR 157.205.

[2] Persons include individuals, organizations, businesses, municipalities, and other entities. 18 CFR 385.102(d).

[3] 18 CFR 157.205(e).

[4] 18 CFR 157.205(e)(2).

[5] *Cheniere Creole Trail Pipeline, L.P.,* 195 FERC ¶ 61,208, at P 8 n.16 (2026).

[6] 18 CFR 385.214.

[7] 18 CFR 157.10.

[8] Additionally, you may file your comments electronically by using the eComment feature, which is located on the Commission's website at *www.ferc.gov* under the link to Documents and Filings. Using eComment is an easy method for interested persons to submit brief, text-only comments on a project.

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: RP26–1215–000.
Applicants: Ruby Pipeline, L.L.C.
Description: Compliance filing: RP 2026–09–01 NAESB 4.0 Modifications (Order No. 587–AB) to be effective 1/1/2027.
Filed Date: 9/1/26.
Accession Number: 20260901–5133.
Comment Date: 5 p.m. ET 9/14/26.

Docket Numbers: RP26–1217–000.
Applicants: Tallgrass Interstate Gas Transmission, LLC.
Description: Compliance filing: TIGT 2026–09–01 NAESB 4.0 Modifications (Order No. 587–AB) to be effective 1/1/2027.
Filed Date: 9/1/26.
Accession Number: 20260901–5135.
Comment Date: 5 p.m. ET 9/14/26.

Docket Numbers: RP26–1218–000.
Applicants: Trailblazer Pipeline Company LLC.
Description: Compliance filing: TPC 2026–09–01 NAESB 4.0 Modifications (Order No. 587–AB) to be effective 1/1/2027.
Filed Date: 9/1/26.
Accession Number: 20260901–5136.
Comment Date: 5 p.m. ET 9/14/26.

Docket Numbers: RP26–1219–000.
Applicants: BBT Trans-Union Interstate Pipeline, L.P.
Description: Compliance filing: NAESB Compliance Filing 2026 to be effective 1/1/2027.
Filed Date: 9/1/26.
Accession Number: 20260901–5138.
Comment Date: 5 p.m. ET 9/14/26.

Docket Numbers: RP26–1220–000.
Applicants: BBT Midla, LLC.
Description: Compliance filing: NAESB Compliance Filing 2026 to be effective 1/1/2027.
Filed Date: 9/1/26.
Accession Number: 20260901–5139.
Comment Date: 5 p.m. ET 9/14/26.

Docket Numbers: RP26–1221–000.
Applicants: BBT AlaTenn, LLC.
Description: Compliance filing: NAESB Compliance Filing 2026 to be effective 1/1/2027.
Filed Date: 9/1/26.
Accession Number: 20260901–5140.
Comment Date: 5 p.m. ET 9/14/26.

Docket Numbers: RP26–1222–000.
Applicants: Mississippi Hub, LLC.
Description: Compliance filing: NAESB Compliance Filing 2026 to be effective 1/1/2027.
Filed Date: 9/1/26.
Accession Number: 20260901–5142.
Comment Date: 5 p.m. ET 9/14/26.

Docket Numbers: RP26–1223–000.
Applicants: MIGC LLC.
Description: Compliance filing: NAESB Compliance 2026 to be effective 1/1/2027.
Filed Date: 9/1/26.
Accession Number: 20260901–5144.
Comment Date: 5 p.m. ET 9/14/26.

Docket Numbers: RP26–1224–000.
Applicants: Kinetica Energy Express, LLC.
Description: Compliance filing: Compliance Filing—FERC Order No. 587–AB in Docket No. RM96–1–044 to be effective 1/1/2027.
Filed Date: 9/1/26.
Accession Number: 20260901–5145.
Comment Date: 5 p.m. ET 9/14/26.

Docket Numbers: RP26–1225–000.
Applicants: Kinetica Deepwater Express, LLC.
Description: Compliance filing: Compliance Filing—FERC Order No. 587–AB in Docket No. RM96–1–044 to be effective 1/1/2027.
Filed Date: 9/1/26.
Accession Number: 20260901–5146.
Comment Date: 5 p.m. ET 9/14/26.

Docket Numbers: RP26–1226–000.
Applicants: Bluewater Gas Storage, LLC.
Description: Compliance filing: Order No. 587–AB Compliance Filing to be effective 1/1/2027.
Filed Date: 9/1/26.
Accession Number: 20260901–5157.
Comment Date: 5 p.m. ET 9/14/26.

Docket Numbers: RP26–1227–000.
Applicants: North Baja Pipeline, LLC.
Description: § 4(d) Rate Filing: TC eConnects Conversion & Housekeeping to be effective 10/1/2026.
Filed Date: 9/1/26.
Accession Number: 20260901–5164.
Comment Date: 5 p.m. ET 9/14/26.

Docket Numbers: RP26–1228–000.
Applicants: High Island Offshore System, L.L.C.
Description: Compliance filing: NAESB Compliance Filing 2026 to be effective 1/1/2027.
Filed Date: 9/1/26.
Accession Number: 20260901–5170.
Comment Date: 5 p.m. ET 9/14/26.

Docket Numbers: RP26–1229–000.
Applicants: East Cheyenne Gas Storage, LLC.
Description: Compliance filing: ECGS 2026–09–01 NAESB 4.0 Modifications (Order No. 587–AB) to be effective 1/1/2027.
Filed Date: 9/1/26.
Accession Number: 20260901–5173.
Comment Date: 5 p.m. ET 9/14/26.

Docket Numbers: RP26–1230–000.
Applicants: UGI Sunbury, LLC.
Description: Compliance filing: UGI Sunbury, LLC—Order No. 587–AB Compliance Filing to be effective 1/1/2027.
Filed Date: 9/1/26.
Accession Number: 20260901–5175.
Comment Date: 5 p.m. ET 9/14/26.

Docket Numbers: RP26–1231–000.
Applicants: Florida Southeast Connection, LLC.
Description: Compliance filing: Order No. 587–AB Compliance Filing to be effective 1/1/2027.
Filed Date: 9/1/26.
Accession Number: 20260901–5176.
Comment Date: 5 p.m. ET 9/14/26.

Docket Numbers: RP26–1232–000.
Applicants: UGI Mt. Bethel Pipeline, LLC.
Description: Compliance filing: UGI Mt. Bethel Pipeline Company, LLC—Order No. 587–AB Compliance Filing to be effective 1/1/2027.
Filed Date: 9/1/26.
Accession Number: 20260901–5179.
Comment Date: 5 p.m. ET 9/14/26.

Docket Numbers: RP26–1233–000.
Applicants: UGI LNG Inc.
Description: Compliance filing: UGI LNG—Order No. 587–AB Compliance Filing to be effective 1/1/2027.
Filed Date: 9/1/26.
Accession Number: 20260901–5181.
Comment Date: 5 p.m. ET 9/14/26.

Docket Numbers: RP26–1234–000.
Applicants: National Grid LNG, LLC.
Description: Compliance filing: 2026–09–01 Order 587–AB Tariff Compliance Filing to be effective 1/1/2027.
Filed Date: 9/1/26.
Accession Number: 20260901–5184.
Comment Date: 5 p.m. ET 9/14/26.

Docket Numbers: RP26–1235–000.
Applicants: UGI Storage Company.
Description: Compliance filing: UGI Storage Company—Order No. 587–AB Compliance Filing to be effective 1/1/2027.
Filed Date: 9/1/26.
Accession Number: 20260901–5193.
Comment Date: 5 p.m. ET 9/14/26.

Docket Numbers: RP26–1236–000.
Applicants: Double E Pipeline, LLC.
Description: Compliance filing: Compliance with Order No. 587–AB, NAESB Version 4.0 and Continuation Request to be effective 1/1/2027.
Filed Date: 9/1/26.
Accession Number: 20260901–5197.
Comment Date: 5 p.m. ET 9/14/26.

Docket Numbers: RP26–1237–000.
Applicants: Rover Pipeline LLC.

Description: § 4(d) Rate Filing: Summary of Negotiated Rate Capacity Release Agreements 9–1–2026 to be effective 9/1/2026.
Filed Date: 9/1/26.
Accession Number: 20260901–5200.
Comment Date: 5 p.m. ET 9/14/26.

Docket Numbers: RP26–1238–000.
Applicants: North Baja Pipeline, LLC.
Description: Compliance filing: NAESB—4.0 Revision Compliance to be effective 1/1/2027.
Filed Date: 9/1/26.
Accession Number: 20260901–5219.
Comment Date: 5 p.m. ET 9/14/26.

Docket Numbers: RP26–1239–000.
Applicants: Gulf South Pipeline Company, LLC.
Description: § 4(d) Rate Filing: Cap Rel Neg Rate Agmts (Aethon 52454 to Scona 61192 and CIMA 61168) to be effective 9/1/2026.
Filed Date: 9/1/26.
Accession Number: 20260901–5226.
Comment Date: 5 p.m. ET 9/14/26.

Docket Numbers: RP26–1240–000.
Applicants: Gulf South Pipeline Company, LLC.
Description: Compliance filing: NAESB Order 587–AB Compliance Filing to be effective 1/1/2027.
Filed Date: 9/1/26.
Accession Number: 20260901–5241.
Comment Date: 5 p.m. ET 9/14/26.

Docket Numbers: RP26–1241–000.
Applicants: Roaring Fork Interstate Gas Transmission, LLC.
Description: Compliance filing: Order No. 587–AB Compliance Filing to be effective 1/1/2027.
Filed Date: 9/1/26.
Accession Number: 20260901–5244.
Comment Date: 5 p.m. ET 9/14/26.

Docket Numbers: RP26–1242–000.
Applicants: Texas Gas Transmission, LLC.
Description: Compliance filing: NAESB Order 587–AB Compliance Filing to be effective 1/1/2027.
Filed Date: 9/1/26.
Accession Number: 20260901–5249.
Comment Date: 5 p.m. ET 9/14/26.

Docket Numbers: RP26–1243–000.
Applicants: Boardwalk Storage Company, LLC.
Description: Compliance filing: NAESB Order 587–AB Compliance Filing to be effective 1/1/2027.
Filed Date: 9/1/26.
Accession Number: 20260901–5253.
Comment Date: 5 p.m. ET 9/14/26.

Docket Numbers: RP26–1244–000.
Applicants: Spire Storage West LLC.
Description: § 4(d) Rate Filing: Spire West Proposed Tariff Changes September 1 2026 to be effective 10/1/2026.
Filed Date: 9/1/26.
Accession Number: 20260901–5272.
Comment Date: 5 p.m. ET 9/14/26.

Docket Numbers: RP26–1245–000.
Applicants: Spire Storage West LLC.
Description: Compliance filing: Spire West NAESB compliance filing 9–1–26 to be effective 1/1/2027.
Filed Date: 9/1/26.
Accession Number: 20260901–5273.
Comment Date: 5 p.m. ET 9/14/26.

Docket Numbers: RP26–1246–000.
Applicants: Venture Global CP2 LNG, LLC.
Description: Petition for Limited Waiver of Buy/Sell Prohibition of Venture Global CP2 LNG, LLC.
Filed Date: 9/1/26.
Accession Number: 20260901–5284.
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.

Filings in Existing Proceedings

Docket Numbers: RP11–2473–000.
Applicants: Gulf South Pipeline Company, LP.
Description: Refund Report: 2026 CICO Filing to be effective N/A.
Filed Date: 9/1/26.
Accession Number: 20260901–5218.
Comment Date: 5 p.m. ET 9/14/26.

Docket Numbers: RP25–492–002.
Applicants: High Island Offshore System, L.L.C.
Description: Compliance filing: NAESB Compliance Filing to 75 to be effective 9/30/2026.
Filed Date: 9/1/26.
Accession Number: 20260901–5169.
Comment Date: 5 p.m. ET 9/14/26.

Any person desiring to protest in any the above proceedings must file in accordance with Rule 211 of the Commission's Regulations (18 CFR 385.211) on or before 5:00 p.m. Eastern time on the specified comment date.

The filings are accessible in the Commission's eLibrary system (*https://elibrary.ferc.gov/idmws/search/fercgensearch.asp*) by querying the docket number.

eFiling is encouraged. More detailed information relating to filing requirements, interventions, protests, service, and qualifying facilities filings can be found at: *http://www.ferc.gov/docs-filing/efiling/filing-req.pdf.* For other information, call (866) 208–3676 (toll free). For TTY, call (202) 502–8659.

For public inquiries and assistance with making filings such as interventions, comments, or requests for rehearing, contact the Office of Public Participation at (202) 502–6595 or *OPP@ferc.gov.*

Dated: September 2, 2026.

Carlos D. Clay,

Deputy Secretary.

[FR Doc. 2026–18232 Filed 9–4–26; 8:45 am]

BILLING CODE 6717–01–P

ENVIRONMENTAL PROTECTION AGENCY

[FRL OPRM–FAD–238]

Environmental Impact Statements; Notice of Availability

Responsible Agency: Office of Federal Activities, General Information 202–993–3272 or *https://www.epa.gov/nepa.*

Weekly receipt of Environmental Impact Statements (EIS)

Filed August 24, 2026 10 a.m. EST Through August 31, 2026 10 a.m. EST

Pursuant to CEQ Guidance on 42 U.S.C. 4332.

Notice

Section 309(a) of the Clean Air Act requires that EPA make public its comments on EISs issued by other Federal agencies. EPA's comment letters on EISs are available at: *https://cdxapps.epa.gov/cdx-enepa-II/public/action/eis/search.*

EIS No. 20260109, Draft, USAF, OR, Homeland Defense Over-the-Horizon Radar at Northwest Region, Comment Period Ends: 09/18/2026, Contact: Austin Naranjo 380–458–8066.

EIS No. 20260110, Draft, USFWS, WY, National Elk Refuge Bison and Elk Management Plan, Comment Period Ends: 10/13/2026, Contact: Ella Wagener 703–283–2142.

EIS No. 20260111, Final, USFS, TX, National Forests and Grasslands in Texas Oil and Gas Leasing Availability Analysis, Contact: Juanita Garcia 936–639–8501.

EIS No. 20260112, Draft Supplement, USCG, USN, WA, Northwest Training and Testing, Comment Period Ends: 10/19/2026, Contact: Alexander Stone 808–471–3769.

EIS No. 20260113, Final Supplement, USFS, MT, Pilgrim Creek Timber Sale Project, Contact: Lisa Osborn 406–295–4693.

EIS No. 20260114, Draft, FHWA, NY, Shore Road Bridge over the Hutchinson River Project, Comment Period Ends: 11/02/2026, Contact: Richard J. Marquis 518–431–4127.

EIS No. 20260115, Final, FHWA, CO, I–270 Corridor Improvements Project, Contact: Bill Schiebel 720–963–3032.

EIS No. 20260116, Final, OSM, NM, Navajo Transitional Energy Company's Navajo Mine No Name Permit, Contact: Marcelo Calle 303–236–2929.

Amended Notice

EIS No. 20260106, Final, DOE, MT, North Plains Connector Project, Contact: Steven Smith 240–449–5716. Correction to FR Notice Published 8/28/2026; Removed MARAD as Co-lead Agency.

Dated: September 1, 2026.

Nancy Abrams,

Deputy Director, Federal Activities Division.

[FR Doc. 2026–18198 Filed 9–4–26; 8:45 am]

BILLING CODE 6560–50–P

FEDERAL COMMUNICATIONS COMMISSION

Federal Advisory Committee Act; Technological Advisory Council

AGENCY: Federal Communications Commission.

ACTION: Notice of public meeting.

SUMMARY: In accordance with the Federal Advisory Committee Act, this notice advises interested persons that the Federal Communications Commission's (FCC) Technological Advisory Council will hold a meeting on Thursday, October 1, 2026 in the Commission Meeting Room and available to the public via the internet at *http://www.fcc.gov/live,* from 10:00 a.m. to 12:30 p.m.

DATES: Thursday, October 1, 2026.

ADDRESSES: Federal Communications Commission, 45 L Street, NE, Washington, DC 20554.

FOR FURTHER INFORMATION CONTACT: Martin Doczkat, Chief, Electromagnetic Compatibility Division 202–418–2435; *martin.doczkat@fcc.gov*.

SUPPLEMENTARY INFORMATION: At the October 1st meeting, the TAC will consider and advise the Commission on topics such as continued efforts at looking beyond 5G advanced as 6G begins to develop so as to facilitate U.S. leadership; studying advanced spectrum sharing techniques, including the implementation of artificial intelligence and machine learning to improve the utilization and administration of spectrum; and other emerging technologies.

Meetings are broadcast live with open captioning over the internet from the FCC Live web page at *http://www.fcc.gov/live/.* The public may submit written comments before the meeting to Martin Doczkat, the FCC's Designated Federal Officer for Technological Advisory Council by email: *martin.doczkat@fcc.gov* and or U.S. Postal Service Mail (Martin Doczkat, Federal Communications Commission, 45 L Street NE, Washington, DC 20554). Open captioning will be provided for this event. Other reasonable accommodations for people with disabilities are available upon request. Requests for such accommodations should be submitted via email to *fcc504@fcc.gov* or by calling the Office of Engineering and Technology at 202–418–2470 (voice), (202) 418–1944 (fax). Such requests should include a detailed description of the accommodation needed. In addition, please include your contact information. Please allow at least five days advance notice; last minute requests will be accepted but may not be possible to fill. While the TAC meeting is open to the public, the FCC headquarters building is not open access, and all guests must check in with and be screened by FCC security at the main entrance. Attendees are not required to have an appointment but must otherwise comply with protocols outlined at: *https://www.fcc.gov/visit.*

Federal Communications Commission

Andrew C. Hendrickson,

Chief, Office of Engineering and Technology.

[FR Doc. 2026–18196 Filed 9–4–26; 8:45 am]

BILLING CODE 6712–01–P

FEDERAL DEPOSIT INSURANCE CORPORATION

[OMB No. 3064–0140; –0176]

Agency Information Collection Activities: Proposed Collection Renewal; Comment Request

AGENCY: Federal Deposit Insurance Corporation (FDIC).

ACTION: Notice and request for comment.

SUMMARY: The FDIC, as part of its obligations under the Paperwork Reduction Act of 1995, invites the general public and other Federal agencies to take this opportunity to comment on the request to renew the existing information collections described below (OMB Control No. 3064–0140; –0176). The notices of proposed renewal for these information collections were previously published in the **Federal Register** on July 2, 2026, allowing for a 60-day comment period. No comments were received.

DATES: Comments must be submitted on or before October 8, 2026.

ADDRESSES: Interested parties are invited to submit written comments to the FDIC by any of the following methods:

- *Agency website: https://www.fdic.gov/resources/regulations/federal-register-publications/.*
- *Email: comments@fdic.gov.* Include the name and number of the collection in the subject line of the message.
- *Mail:* Robert Meiers, Regulatory Attorney, MB–3013, Federal Deposit Insurance Corporation, 550 17th Street NW, Washington, DC 20429.
- *Hand Delivery:* Comments may be hand-delivered to the guard station at the rear of the 17th Street NW building (located on F Street NW), on business days between 7 a.m. and 5 p.m.

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 these information collections by selecting ''Currently under 30-day Review—Open for Public Comments'' or by using the search function.

FOR FURTHER INFORMATION CONTACT: Robert Meiers, Regulatory Attorney, *Romeiers@fdic.gov,* MB–3013, Federal Deposit Insurance Corporation, 550 17th Street NW, Washington, DC 20429.

SUPPLEMENTARY INFORMATION: *Proposal to renew the following currently approved collection of information:*

1. *Title:* Insurance Sales Consumer Protections.

OMB Number: 3064–0140.

Form Number: None

Affected Public: Insured State nonmember banks and savings associations that sell insurance products; persons who sell insurance in or on behalf of insured State nonmember banks and savings associations.

Burden Estimate:

SUMMARY OF ESTIMATED ANNUAL BURDEN

[OMB No. 3064–0140]

Information collection (IC) (obligation to respond)	Type of burden (frequency of response)	Number of respondents	Number of responses per respondent	Average time per response (HH:MM)	Annual burden (hours)
1. Insurance Sales Consumer Protections, 12 CFR 343 (Mandatory).	Third-Party Disclosure (On Occasion).	934	1	5:00	4,670
Total Annual Burden (Hours)					4,670

Source: FDIC.

General Description of Collection: Respondents must provide disclosures to consumers that insurance products and annuities are not FDIC insured and obtain consumer acknowledgments, as required by 12 CFR part 343. The disclosures must be provided before the completion of the initial sale of an insurance product or annuity and, when applicable, at the time of application for an extension of credit if insurance products or annuities are sold, solicited, advertised, or offered in connection with the extension of credit. There is no change in the substance or methodology of this information collection. The estimated annual burden had decreased by 835 hours, from 5,505 hours in 2023 to 4,670 hours currently. As the estimated time per response remains unchanged, the decrease is due to a reduction in the estimated number of respondents.

2. *Title:* Reverse Mortgage Products.

OMB Number: 3064–0176.

Form Number: None.

Affected Public: Insured state nonmember banks and state savings associations making reverse mortgage.

Burden Estimate:

SUMMARY OF ESTIMATED ANNUAL BURDEN

[OMB No. 3064–0176]

Information collection (IC) (obligation to respond)	Type of burden (frequency of response)	Number of respondents	Number of responses per respondent	Average time per response (HH:MM)	Annual burden (hours)
1. Reverse Mortgage Products—Implementation,. 12 CFR 365 (Mandatory)	Recordkeeping (Annual)	5	1	40:00	200
2. Reverse Mortgage Products—Ongoing, 12 CFR 365 (Mandatory).	Recordkeeping (Annual)	18	1	08:00	144
Total Annual Burden (Hours)					344

Source: FDIC.

General Description of Collection: Respondents must prepare and provide certain disclosures to consumers (*e.g.,* that insurance products and annuities are not FDIC-insured) and obtain consumer acknowledgments, at two different times: (1) Before the completion of the initial sale of an insurance product or annuity to a consumer; and (2) at the time of application for the extension of credit (if insurance products or annuities are sold, solicited, advertised, or offered in connection with an extension of credit). There is no change in the substance or methodology of this information collection. The estimated annual burden has increased by 64 hours, from 280 hours in 2024 to 344 hours currently, due to an increase in the number of respondents to IC 1 only partially offset by a decrease in the estimated number of respondents to IC 2.

Request for Comment

Comments are invited on: (a) Whether the collection of information is necessary for the proper performance of the FDIC's functions, including whether the information has practical utility; (b) the accuracy of the estimates of the burden of the information collection, 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. All comments will become a matter of public record.

Federal Deposit Insurance Corporation.

Dated at Washington, DC, on September 3, 2026.

Jennifer M. Jones,

Deputy Executive Secretary.

[FR Doc. 2026–18258 Filed 9–4–26; 8:45 am]

BILLING CODE 6714–01–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Centers for Disease Control and Prevention

[60Day–26–0576; Docket No. CDC–2026–1486]

Proposed Data Collection Submitted for Public Comment and Recommendations

AGENCY: Centers for Disease Control and Prevention (CDC), Department of Health and Human Services (HHS).

ACTION: Notice with comment period.

SUMMARY: The Centers for Disease Control and Prevention (CDC), as part of its continuing effort to reduce public burden and maximize the utility of government information, invites the general public and other federal agencies the opportunity to comment on a continuing information collection, as required by the Paperwork Reduction Act of 1995. This notice invites comment on a proposed information

collection project titled Possession, Use, and Transfer of Select Agents and Toxins (42 CFR 73). This data collection allows CDC and APHIS have to collect information on the possession, use, and transfer of select agents and toxins.

DATES: CDC must receive written comments on or November 9, 2026.

ADDRESSES: You may submit comments, identified by Docket No. CDC–2026–1486 by either of the following methods:

• *Federal eRulemaking Portal: www.regulations.gov.* Follow the instructions for submitting comments.

• *Mail:* Jeffrey M. Zirger, Information Collection Review Office, Centers for Disease Control and Prevention, 1600 Clifton Road NE, MS H21–8, Atlanta, Georgia 30329.

Instructions: All submissions received must include the agency name and Docket Number. CDC will post, without change, all relevant comments to *www.regulations.gov.*

Please note: Submit all comments through the Federal eRulemaking portal (*www.regulations.gov*) or by U.S. mail to the address listed above.

FOR FURTHER INFORMATION CONTACT: To request more information on the proposed project or to obtain a copy of the information collection plan and instruments, contact Jeffrey M. Zirger, Information Collection Review Office, Centers for Disease Control and Prevention, 1600 Clifton Road NE, MS H21–8, Atlanta, Georgia 30329; Telephone: 404–639–7570; Email: *omb@cdc.gov.*

SUPPLEMENTARY INFORMATION: Under the Paperwork Reduction Act of 1995 (PRA) (44 U.S.C. 3501–3520), federal agencies must obtain approval from the Office of Management and Budget (OMB) for each collection of information they conduct or sponsor. In addition, the PRA also requires federal agencies to provide a 60-day notice in the **Federal Register** concerning each proposed collection of information, including each new proposed collection, each proposed extension of existing collection of information, and each reinstatement of previously approved information collection before submitting the collection to the OMB for approval. To comply with this requirement, we are publishing this notice of a proposed data collection as described below.

The OMB is particularly interested in comments that will help:

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;

4. Minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, *e.g.,* permitting electronic submissions of responses; and

5. Assess information collection costs.

Proposed Project

Possession, Use, and Transfer of Select Agents and Toxins (42 CFR 73) (OMB Control No. 0920–0576, Exp. 2/28/2027)—Revision—Office of Readiness and Response (ORR), Centers for Disease Control and Prevention (CDC).

Background and Brief Description

Subtitle A of the Public Health Security and Bioterrorism Preparedness and Response Act of 2002, (42 U.S.C. 262a), requires the United States Department of Health and Human Services (HHS) to regulate the possession, use, and transfer of biological agents or toxins that have the potential to pose a severe threat to public health and safety (select agents and toxins). Subtitle B of the Public Health Security and Bioterrorism Preparedness and Response Act of 2002 (which may be cited as the Agricultural Bioterrorism Protection Act of 2002), (7 U.S.C. 8401), requires the United States Department of Agriculture (USDA) to regulate the possession, use, and transfer of biological agents or toxins that have the potential to pose a severe threat to animal or plant health, or animal or plant products (select agents and toxins). Accordingly, HHS and USDA have promulgated regulations requiring individuals or entities that possess, use, or transfer select agents and toxins to register with the CDC or the Animal and Plant Health Inspection Service (APHIS). See 42 CFR part 73, 7 CFR part 331, and 9 CFR part 121 (the select agent regulations). The Federal Select Agent Program (FSAP) is the collaboration of the CDC, Division of Select Agents and Toxins (DSAT) and the APHIS Division of Agricultural Select Agents and Toxins (DASAT) to administer the select agent regulations in a manner to minimize the administrative burden on persons subject to the select agent regulations. Accordingly, CDC and APHIS have adopted an identical system to collect information for the possession, use, and transfer of select agents and toxins.

Since the implementation of the select agent and toxin regulations in 2003 (HHS/CDC, 2003), unless a regulatory exemption or exclusion is applied, individuals and entities are required to register with HHS or USDA to possess a select agent or toxin. Possession of regulated material without proper registration is a regulatory violation that could result in civil, criminal, and/or administrative penalties. Since this time, there have been at least 100 instances of reports from entities that ''discovered'' a select agent or toxin in their possession that the individual or entity was not registered to possess as required. Many of the agents and toxins ''discovered'' were from studies associated with personnel who had left their entity, and the custodianship of samples was not reassigned. Some of the materials were labeled with obsolete pathogen names, while other ''discovered'' material were found in laboratories where their active use had ceased, in some cases, decades prior to the establishment of the select agent and toxin regulations.

HHS/CDC continues to receive reports from entities who find themselves in possession of select agents and toxins that they are not registered to possess. Given these instances, HHS/CDC is proposing to amend section 73.2 of the regulations to clearly state that any individual or entity in possession of a select agent or toxin, for which (1) an exclusion or exemption listed in 42 CFR part 73 does not apply, and (2) that is not included on a certificate of registration issued by the HHS Secretary or USDA Administrator for that individual or entity, must immediately report such possession to either the HHS Secretary or USDA Administrator. This proposal ensures that all discoveries of possession of a select agent or toxin is reported using the proposed new form regardless of if the individual or entity is registered with the program. As such, registered entities that knowingly come into possession of a material prior to amending their registration would report the possession using the proposed form. HHS/CDC would be interested in comments regarding the proposal to ensure the reporting of discovered select agents and toxins including if there is an undue burden being placed on registered entities to report the discovery as well as amending their registration. To facilitate such reporting, HHS and USDA proposes, in compliance with the Paperwork

Reduction Act, a new APHIS/CDC form, Report of Discovery of Select Agent or Toxin form (42 CFR 73.19(c) (Form 6), to specify the information that must be submitted regarding the discovery of the select agent or toxin. Establishing a standard form for reporting will enable HHS and USDA to better understand the circumstances and assess regulatory violations related to the possession of ''discovered'' select agents and toxins.

CDC is requesting OMB approval to revise this existing information collection to continue to collect information under the select agent regulations through the use of five approved forms and to add a sixth form:

• Application for Registration for Possession. Use, and Transfer of Select Agents and Toxins (APHIS/CDC Form 1) with an addendum form: Form 1 Sec 6A—Amendment to a Certificate of Registration.
• Request to Transfer Select Agents or Toxins (APHIS/CDC Form 2).
• Incident Notification and Reporting (Theft, Loss, or Release) (APHIS/CDC Form 3).
• Reporting the Identification of a Select Agent or Toxin (APHIS/CDC Form 4).
• Request for Exemption of Select Agents and Toxins for an Investigational Product (APHIS/CDC Form 5).
• Report of Discovery of Select Agent or Toxin form (42 CFR 73.19(c) (APHIS/CDC Form 6).

In addition to the forms listed above, the following forms will also be used:

• Request for Exclusions—An individual or entity may request an exclusion from the requirements of the select agent regulations of an attenuated strain of a select agent or a select toxin modified to be less potent or toxic. (42 CFR 73.3(e) and 73.4(e)).
• Documentation of self-inspection—Annual inspections that are conducted by the entity must be documented. (42 CFR 73.9(a)(6)).
• Request for Expedited Review—An individual's security risk assessment may be expedited upon written request by a Responsible Official and a showing of good cause. (42 CFR 73.10(f)).
• Request Regarding a Restricted Experiment—An individual or entity may request approval to perform a ''restricted experiment'' (42 CFR 73.13).
• Security Plan—An individual or entity must develop and implement a written security plan, biosafety plan, and incident response plan (42 CFR 73.11(a), 42 CFR 73.12(a), and 42 CFR 73.14(a)).
• Training—The Responsible Official at the must ensure a record of the training for each individual with access to select agents and toxins and each escorted individual is maintained (42 CFR 73.15(d)).
• Administrative Review—An individual or entity may appeal a denial, revocation, or suspension of registration. (42 CFR 73.20(a)).
• Biosafety Plan—An individual or entity required to register under this part must develop and implement a written biosafety plan that is commensurate with the risk of the select agent or toxin, given its intended use. The biosafety plan must contain sufficient information and documentation to describe the biosafety and containment procedures for the select agent or toxin, including any animals (including arthropods) or plants intentionally or accidentally exposed to or infected with a select agent (42 CFR 73.12(a)).
• Incident Response Plan—An individual or entity required to register under this part must develop and implement a written incident response plan based upon a site specific risk assessment. The incident response plan must be coordinated with any entity-wide plans, kept in the workplace, and available to employees for review (42 CFR 73.14 (a)).
• Records—An individual or entity required to register under this part must maintain complete records relating to the activities covered by the select agent regulations (42 CFR 73.17 (a)).
• Report of Discovery of Select Agent or Toxin form (42 CFR 73.19(c) (Form 6)—This is a new form that will be completed by entities whenever there is discovery of a select agent or toxin. Previously, a discovery of a select agent or toxin had to be reported using Form 3, which was not specifically created to report discoveries. The new Form 6 would replace Form 3 in this process.

The total estimated annualized burden for all data collection is estimated as 8,919 hours. This is an increase of 5,416 burden hours from the previous approval due to: (1) changes in the number of respondents; (2) shifts in the average burden per response (measured in hours) across the various forms; (3) the introduction of Form 6 to capture discoveries of a select agent or toxin previously reported via Form 3; and (4) minor corrections to burden estimates in the previously approved 2023 OMB submission, which had underestimated the average burden per response as described in Notice of Proposed Rulemaking published 1/30/2024 *https://www.federalregister.gov/documents/2024/01/30/2024-01513/possession-use-and-transfer-of-select-agents-and-toxins-biennial-review-of-the-list-of-select-agents.* Information will be collected through FSAP IT system, fax, email and hard copy mail from respondents. CDC requests a three-year approval for this information collection request. There is no cost to the respondents other than their time.

ESTIMATED ANNUALIZED BURDEN HOURS

Section	Form name	Number of respondents	Number of responses per respondent	Average burden per response (in hours)	Total burden hours
Sections 3 & 4	Request for Exclusions	1	1	1	1
Sections 5 & 6	Form 4—Report of Identification of a Select Agent or Toxin	1,484	1	1	1,484
Sections 5 & 6	Form 5—Request of Exemption	1	1	0.5	1
Section 7	Form 1—Application for Registration	3	1	31	93
Section 1–7	Form 1—Amendment to a Certificate of Registration	960	1	4	3,840
Section 9	Documentation of self-inspection	230	1	1	230
Section 10	Request for Expedited Review	15	1	0.5	8
Section 11	Security Plan	230	1	1	230
Section 12	Biosafety Plan	230	1	1	230
Section 13	Request Regarding a Restricted Experiment	2	1	2	4
Section 14	Incident Response Plan	230	1	1	230
Section 15	Training	230	1	8	1,840
Section 16	Form 2—Request to Transfer Select Agents and Toxins	231	1	1.5	347
Section 17	Records	230	1	0.5	115
Section 19	Form 3—Notification of Theft, Loss, or Release	262	1	1	262

ESTIMATED ANNUALIZED BURDEN HOURS—Continued

Section	Form name	Number of respondents	Number of responses per respondent	Average burden per response (in hours)	Total burden hours
Section 20	Administrative Review	1	1	1	1
Section 20	Form 6—Report of Discovery of Select Agent or Toxin form 42 CFR 73.19(c).	20	1	10/60	3
Total					8,919

Jeffrey M. Zirger,

Lead, Information Collection Review Office, Office of Public Health Ethics and Regulations, Office of Science, Centers for Disease Control and Prevention.

[FR Doc. 2026–18217 Filed 9–4–26; 8:45 am]

BILLING CODE 4163–18–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Centers for Medicare & Medicaid Services

[CMS–1865–N]

Medicare Program; Town Hall Meeting on the Fiscal Year 2028 Applications for New Technology Add-On Payments

AGENCY: Centers for Medicare & Medicaid Services (CMS), Department of Health and Human Services (HHS).

ACTION: Notice of meeting.

SUMMARY: This notice announces a town hall meeting in accordance with section 1886(d)(5)(K)(viii)(III) of the Social Security Act (the Act) to discuss fiscal year (FY) 2028 applications for add-on payments for new medical services and technologies under the hospital inpatient prospective payment system (IPPS). Interested parties are invited to this virtual meeting to present their comments, recommendations, and data regarding whether the FY 2028 applications for new technology add-on payments meet the substantial clinical improvement criterion.

DATES:

Meeting Dates: The New Technology Town Hall meeting announced in this notice will be held virtually on Wednesday, December 9, 2026, and Thursday, December 10, 2026 (the number of presentations will determine if a second day for the meeting is necessary; see the **SUPPLEMENTARY INFORMATION** section for details regarding the second day of the meeting and the posting of the final schedule). The New Technology Town Hall meeting will begin each day at 9:00 a.m. Eastern Standard Time (EST) and online check-in will begin at 8:30 a.m. EST.

Deadline for Registration of Presenters at the New Technology Town Hall Meeting: The deadline to register to present at the New Technology Town Hall meeting is 5:00 p.m. EST on Monday, November 2, 2026.

Deadline for Submission of Agenda Item(s) or Written Remarks for the New Technology Town Hall Meeting: Written remarks and agenda items for discussion at the New Technology Town Hall meeting, including agenda items by presenters (presentation slide decks), must be received by 5:00 p.m. EST on Thursday, November 12, 2026.

Deadline for Requesting Special Accommodations: The deadline to submit requests for special accommodations is 5:00 p.m. EST on Thursday, November 12, 2026.

Deadline for Submission of Written Comments after the New Technology Town Hall Meeting for Consideration in the FY 2028 Inpatient Prospective Payment System/Long-Term Care Hospital PPS (IPPS/LTCH PPS) Proposed Rule: Individuals may submit written comments after the New Technology Town Hall meeting, as specified in the **ADDRESSES** section of this notice, on whether the service or technology represents a substantial clinical improvement. These comments must be received by 5:00 p.m. EST on Monday, December 14, 2026, to ensure consideration in the FY 2028 IPPS/LTCH PPS proposed rule.

ADDRESSES:

Meeting Location: The New Technology Town Hall meeting will be held virtually via live stream technology or webinar and listen-only via toll-free teleconference. Live stream or webinar and teleconference dial-in information will be provided through an upcoming listserv/email notice to registered presenters, and will appear on the final meeting agenda which will be posted on the New Technology website when available at: *http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/AcuteInpatientPPS/newtech.html.* Continue to check the website for updates.

Registration and Special Accommodations: Individuals wishing to present at the meeting must follow the instructions located in section III. of this notice. Individuals who need special accommodations should send an email to *NTAP@cms.hhs.gov.*

Submission of Agenda Item(s) or Written Remarks for the New Technology Town Hall Meeting: Each presenter must submit at least one agenda item for presentation regarding whether a FY 2028 application for new technology add-on payments meets the substantial clinical improvement criterion. Agenda items must be submitted via email, by the previously specified deadline, to: *NTAP@cms.hhs.gov.*

Submission of Written Comments for the New Technology Town Hall Meeting: Written comments must be submitted via email, by the previously specified deadline, to: *NTAP@cms.hhs.gov.* Comments should be limited to information or material regarding whether the application(s) for new technology add-on payments meet the substantial clinical improvement criterion. Information and studies previously submitted in the application do not need to be resubmitted in Town Hall comments, even if they are cited within the comment.

FOR FURTHER INFORMATION CONTACT: Drew Kasper, (410) 786–8926, *drew.kasper@cms.hhs.gov* and *NTAP@cms.hhs.gov.*

SUPPLEMENTARY INFORMATION:

I. Background on the Add-On Payments for New Medical Services and Technologies Under the IPPS

Effective for discharges beginning on or after October 1, 2001, section 1886(d)(5)(K)(i) of the Act requires the Secretary to establish (after notice and opportunity for public comment) a mechanism to recognize the costs of new services and technologies under the hospital IPPS. For discussion on the new technology add-on payment criteria, we refer readers to the new technology add-on payment final rule (66 FR 46912, September 7, 2001), as well as the FY 2012 IPPS/LTCH PPS final rule (76 FR 51572 through 51574), the FY 2020 IPPS/LTCH PPS final rule (84 FR 42288 through 42300), and the FY 2021 IPPS/LTCH PPS final rule (85 FR 58736 through 58742).

As finalized in the FY 2020 and FY 2021 IPPS/LTCH PPS final rules, and updated in the FY 2027 IPPS/LTCH PPS final rule, for applications submitted for new technology add-on payments for FYs 2021 through 2029, inclusive, the technologies that are eligible for the alternative pathway for certain transformative new devices or the alternative pathway for certain antimicrobial products do not need to meet the requirement under 42 CFR 412.87(b)(1) that the technology represent an advance that substantially improves, relative to technologies previously available, the diagnosis or treatment of Medicare beneficiaries. See the FY 2020 IPPS/LTCH PPS final rule (84 FR 42292 through 42297), the FY 2021 IPPS/LTCH PPS final rule (85 FR 58737 through 58739), and the FY 2027 IPPS/LTCH PPS final rule (91 FR 49767 through 49789) for additional information.

In the FY 2020 IPPS/LTCH PPS final rule (84 FR 42289 through 42292), we codified in our regulations at § 412.87 the following aspects of how we evaluate substantial clinical improvement for purposes of new technology add-on payments under the IPPS to determine if a new technology meets the substantial clinical improvement criterion:

• The totality of the circumstances is considered when making a determination that a new medical service or technology represents an advance that substantially improves, relative to services or technologies previously available, the diagnosis or treatment of Medicare beneficiaries.

• A determination that a new medical service or technology represents an advance that substantially improves, relative to services or technologies previously available, the diagnosis or treatment of Medicare beneficiaries means one of the following—

++ The new medical service or technology offers a treatment option for a patient population unresponsive to, or ineligible for, currently available treatments;

++ The new medical service or technology offers the ability to diagnose a medical condition in a patient population where that medical condition is currently undetectable, or offers the ability to diagnose a medical condition earlier in a patient population than allowed by currently available methods and there must also be evidence that use of the new medical service or technology to make a diagnosis affects the management of the patient; or

++ The use of the new medical service or technology significantly improves clinical outcomes relative to services or technologies previously available as demonstrated by one or more of the following outcomes:

—A reduction in at least one clinically significant adverse event, including a reduction in mortality or a clinically significant complication.
—A decreased rate of at least one subsequent diagnostic or therapeutic intervention.
—A decreased number of future hospitalizations or physician visits.
—A more rapid beneficial resolution of the disease process treatment including, but not limited to, a reduced length of stay or recovery time.
—An improvement in one or more activities of daily living.
—An improved quality of life.
—A demonstrated greater medication adherence or compliance.

++ The totality of the information otherwise demonstrates that the new medical service or technology substantially improves, relative to technologies previously available, the diagnosis or treatment of Medicare beneficiaries.

• Evidence from the following published or unpublished information sources from within the United States or elsewhere may be sufficient to establish that a new medical service or technology represents an advance that substantially improves, relative to services or technologies previously available, the diagnosis or treatment of Medicare beneficiaries: Clinical trials, peer reviewed journal articles; study results; meta-analyses; consensus statements; white papers; patient surveys; case studies; reports; systematic literature reviews; letters from major healthcare associations; editorials and letters to the editor; and public comments. Other appropriate information sources may be considered.

• The medical condition diagnosed or treated by the new medical service or technology may have a low prevalence among Medicare beneficiaries.

• The new medical service or technology may represent an advance that substantially improves, relative to services or technologies previously available, the diagnosis or treatment of a subpopulation of patients with the medical condition diagnosed or treated by the new medical service or technology.

Section 1886(d)(5)(K)(viii) of the Act requires that as part of the process for evaluating new medical services and technology applications, the Secretary shall do the following:

• Provide for public input regarding whether a new service or technology represents an advance in medical technology that substantially improves the diagnosis or treatment of Medicare beneficiaries before publication of a proposed rule.

• Make public and periodically update a list of all the services and technologies for which an application is pending.

• Accept comments, recommendations, and data from the public regarding whether the service or technology represents a substantial improvement.

• Provide for a meeting at which organizations representing hospitals, physicians, manufacturers, and any other interested party may present comments, recommendations, and data to the clinical staff of CMS as to whether the service or technology represents a substantial improvement before publication of a proposed rule.

The opinions and presentations provided during this meeting will assist us as we evaluate the substantial clinical improvement criterion for traditional pathway new technology add-on payment applications submitted for FY 2028.

II. New Technology Town Hall Meeting Format and Conference Call Information

A. Format of the Town Hall Meeting

As noted in section I. of this notice, we are required to provide for a meeting at which organizations representing hospitals, physicians, manufacturers, and any other interested party may present comments, recommendations, and data to the clinical staff of CMS concerning whether the service or technology represents a substantial clinical improvement. This meeting will allow for a discussion of the substantial clinical improvement criterion, which is evaluated for traditional pathway applications, for the FY 2028 applications for new technology add-on payments. Information regarding the applications can be found on our website at *http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/AcuteInpatientPPS/newtech.html.*

The majority of the meeting will be reserved for presentations from registered presenters. The time for each presentation will be 10 minutes, with additional time reserved for questions from CMS and interested parties. Individuals who would like to present must register and submit their agenda item(s) via email to *NTAP@cms.hhs.gov* by the dates specified in the **DATES** section of this notice.

Depending on the number of presentations, we will determine if a second meeting day is necessary. The final date(s) for the New Technology Town Hall meeting will be posted on the CMS website at *http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/AcuteInpatientPPS/newtech.html* by November 27, 2026 to inform the public of the number of days of the meeting.

Written comments may be submitted after the meeting for our consideration. If the comments are to be considered before the publication of the FY 2028 IPPS/LTCH PPS proposed rule, the comments must be received via email to *NTAP@cms.hhs.gov* by the date specified in the **DATES** section of this notice.

B. Conference Call and Webinar Information

As noted previously, the New Technology Town Hall meeting will be held virtually. There will be an option to participate in the New Technology Town Hall Meeting via webinar and a toll-free teleconference phone line. Information on the option to participate via webinar and a teleconference dial-in will be provided through an upcoming listserv/email notice to registered presenters and will appear on the final meeting agenda, which will be posted on the New Technology website at: *http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/AcuteInpatientPPS/newtech.html.* Continue to check the website for updates.

C. Disclaimer

We cannot guarantee reliability for a webinar.

III. Registration Instructions

The Division of New Technology in CMS is coordinating the meeting registration for the New Technology Town Hall meeting on substantial clinical improvement. While there is no registration fee, individuals planning to present at the New Technology Town Hall meeting must register to present.

Registration for presenters may be completed by sending an email to *NTAP@cms.hhs.gov,* by the date specified in the **DATES** section of this notice. Please include the name (with applicable title(s), as it should appear on the agenda) and email address of the presenter(s), as well as address, telephone number, and the name of the technology for which they will be presenting.

Registration for attendees not presenting at the meeting is not required.

IV. Collection of Information

This document does not impose information collection requirements, that is, reporting, recordkeeping, or third-party disclosure requirements. Consequently, there is no need for review by the Office of Management and Budget under the authority of the Paperwork Reduction Act of 1995 (44 U.S.C. chapter 35 *et seq*).

The Administrator of the Centers for Medicare & Medicaid Services (CMS), Dr. Mehmet Oz, having reviewed and approved this document, authorizes Chyana Woodyard, who is the Federal Register Liaison, to electronically sign this document for purposes of publication in the **Federal Register**.

Chyana Woodyard,

Federal Register Liaison, Centers for Medicare & Medicaid Services.

[FR Doc. 2026–18226 Filed 9–4–26; 8:45 am]

BILLING CODE 4169–69–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Health Resources and Services Administration

Agency Information Collection Activities: Proposed Collection: Public Comment Request; Information Collection Request Title: Bureau of Health Workforce Performance Data Collection, OMB No. 0906–0086-Revision

AGENCY: Health Resources and Services Administration (HRSA), Department of Health and Human Services.

ACTION: Notice.

SUMMARY: In compliance with the requirement for opportunity for public comment on proposed data collection projects of the Paperwork Reduction Act of 1995, HRSA announces plans to submit an Information Collection Request (ICR), described below, to the Office of Management and Budget (OMB). Prior to submitting the ICR to OMB, HRSA seeks comments from the public regarding the burden estimate, below, or any other aspect of the ICR.

DATES: Comments on this ICR should be received no later than November 9, 2026.

ADDRESSES: Submit your comments to *paperwork@hrsa.gov* or mail the HRSA Information Collection Clearance Officer, Room 13N82, 5600 Fishers Lane, Rockville, Maryland 20857.

FOR FURTHER INFORMATION CONTACT: To request more information on the proposed project or to obtain a copy of the data collection plans and draft instruments, email *paperwork@hrsa.gov* or call Samantha Miller, the HRSA Information Collection Clearance Officer, at (301) 443–9094.

SUPPLEMENTARY INFORMATION: When submitting comments or requesting information, please include the ICR title for reference.

Information Collection Request Title: Bureau of Health Workforce Performance Data Collection, OMB No. 0906–0086-Revision.

Abstract: Over 50 Bureau of Health Workforce programs award grants to health professions schools and training programs across the United States to develop, expand, and enhance training, and to strengthen the distribution of the health workforce. These programs are governed by Titles III, VII, and VIII of the Public Health Service Act. Performance information is collected in the HRSA Performance Report for Grants and Cooperative Agreements. Data collection activities consisting of an annual progress report and an annual performance report satisfy statutory and programmatic requirements for performance measurement and evaluation (including specific Titles III, VII and VIII requirements), as well as the Government Performance and Results Modernization Act of 2010 and the Foundations for Evidence-Based Policymaking Act of 2018 requirements. The performance measures were last revised in 2026 to ensure they addressed programmatic changes, met evolving program management needs, and reflected agency priorities. HRSA will continue with its current performance management strategy and make additional changes that reduce burden, simplify reporting, reflect new legislative or Department of Health and Human Services priorities, and enable longitudinal analysis of program performance. To further align with Administration priorities, this request seeks to make changes to the previously approved data collection method to include an additional dropdown option for three questions. These options are applicable to only Children's Hospital Graduate Medical Education (CHGME) applicants and grantees (T23). These updates impact data related to sex rejecting procedures and services for minors that is collected for the purposes of CHGME grantee reporting periods and project outcomes. Changes to the previously approved instrument include adding ''Sex Rejecting Procedures and Services for Minors'' as a dropdown option for Program Curriculum Changes form, adding ''Individuals Receiving Training on Sex Rejecting Procedures and Services for Minors'' as a dropdown option for the Individual Characteristics form and adding ''This Site Offers Sex Rejecting Procedures and Services for Minors'' as a dropdown option for the Experiential Training Sites form.

The CHGME specific report seeks to add an affirmation statement regarding adherence to Centers for Medicaid and Medicare price transparency rules as well as an attestation upon report submission that the CHGME hospital certifies the following:

''I ______ certify that I am authorized to submit this report to HRSA for grant ______, wherein:

• The hospital complies with all applicable federal grants regulations, including 2 CFR part 200.

• The hospital complies with all terms and conditions of the CHGME award.

• The hospital complies with all applicable federal civil rights laws.

• The hospital complies with HIPAA and federal data security requirements.

• The hospital complies with the Centers for Medicare & Medicaid Services Hospital Price Transparency requirements at 45 CFR part 180.''

Need and Proposed Use of the Information: The purpose of the proposed data collection is to continue analysis and reporting of grantee training activities and education, identify details about the practice locations where trainees work after program completion, and report outcomes of funded initiatives. Data collected from these grant programs will also provide a description of the program activities of almost 2,000 reporting grantees to inform policymakers on the barriers, opportunities, and outcomes involved in health care workforce development. The proposed measures focus on four key outcomes:

(1) increasing the workforce supply of well-educated practitioners in needed professions,

(2) increasing the number of practitioners that practice in underserved and rural areas,

(3) enhancing the quality of education, and

(4) supporting educational infrastructure to increase the capacity to train more health professionals in high demand areas.

Failure to respond to, or provide accurate information in response to, this collection may result in a reduction in federal funding pursuant to section 340e(b)(3)(A) of the Public Health Service Act (42 U.S.C. 256e(b)(3)(A)).

Likely Respondents: Respondents are grantees of Bureau of Health Workforce health professions 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
Direct Financial Support Program	602	1	602	2.7	1,625.4
Infrastructure Program	159	1	159	4.1	651.9
Multipurpose or Hybrid Program	1,207	1	1,207	2.8	3,379.6
Total	1,968		1,968		5,656.9

HRSA specifically requests comments on (1) the necessity and utility of the proposed information collection for the proper performance of the agency's functions; (2) the accuracy of the estimated burden; (3) ways to enhance the quality, utility, and clarity of the information to be collected; and (4) the use of automated collection techniques or other forms of information technology to minimize the information collection burden.

Maria G. Button,

Director, Executive Secretariat.

[FR Doc. 2026–18235 Filed 9–3–26; 4:15 .08SE3.]

BILLING CODE 4165–15–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

National Institutes of Health

Center for Scientific Review; Notice of Closed Meetings

Pursuant to section 1009 of the Federal Advisory Committee Act, as amended, notice is hereby given of the following meetings.

The meetings will be closed to the public in accordance with the provisions set forth in sections 552b(c)(4) and 552b(c)(6), Title 5 U.S.C., as amended. The grant applications and the discussions could disclose confidential trade secrets or commercial property such as patentable material, and personal information concerning individuals associated with the grant applications, the disclosure of which would constitute a clearly unwarranted invasion of personal privacy.

Name of Committee: Center for Scientific Review Special Emphasis Panel; Urological Systems Function and Dysfunction.

Date: October 5–6, 2026.

Time: 9:00 a.m. to 6:00 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Santanu Banerjee, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 2106, Bethesda, MD 20892, (301) 435–5947, *banerjees5@mail.nih.gov*.

Name of Committee: Oncology 1-Basic Translational Integrated Review

Group; Cancer Cell Biology Study Section.

Date: October 5–6, 2026.

Time: 9:30 a.m. to 6:30 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Alyssa Diane Gregory, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892, (301) 480–4906 *alyssa.gregory@nih.gov.*

Name of Committee: Center for Scientific Review Special Emphasis Panel; RFA Panel: BRAIN Initiative on Technology Integration and Dissemination.

Date: October 6, 2026.

Time: 9:30 a.m. to 4:00 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Shilpakala Ketha, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Dr., Bethesda, MD 20892, (301) 496–0221, *shilpa.ketha@nih.gov.*

Name of Committee: Biobehavioral and Behavioral Processes Integrated Review Group; Language and Communication Study Section.

Date: October 7–8, 2026.

Time: 9:00 a.m. to 5:00 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Natalie S. Dailey, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892, (301) 827–4451 *daileyns@csr.nih.gov.*

Name of Committee: Bioengineering Sciences & Technologies Integrated Review Group; Modeling and Analysis of Biological Systems Study Section.

Date: October 7–8, 2026.

Time: 9:30 a.m. to 6:30 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Zarana Patel, Ph.D., MPH Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892, (301) 496–9295, *zarana.patel@nih.gov.*

Name of Committee: Center for Scientific Review Special Emphasis Panel; PAR: Clinical and Data Coordinating Centers for Clinical Trials.

Date: October 8, 2026.

Time: 9:00 a.m. to 6:30 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Prashant Sharma, Ph.D., Scientific Review Officer, Center for Scientific Review National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892, (240) 961–8570 *prashant.sharma@nih.gov.*

Name of Committee: Cardiovascular and Respiratory Sciences Integrated Review Group; Pulmonary Vascular Disease and Physiology Study Section.

Date: October 8–9, 2026.

Time: 9:00 a.m. to 7:00 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Bradley Nuss, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 4142, MSC7814, Bethesda, MD 20892, 301–451–8754, *nussb@csr.nih.gov.*

Name of Committee: Center for Scientific Review Special Emphasis Panel; Optimization of the Health Services Workforce.

Date: October 8–9, 2026.

Time: 9:00 a.m. to 6:00 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Anna L. Riley, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 3114, MSC 7759, Bethesda, MD 20892, (301) 435–2889, *rileyann@csr.nih.gov.*

Name of Committee: Center for Scientific Review Special Emphasis Panel; PAR Panel: Innovative Research in Cancer Nanotechnology.

Date: October 8–9, 2026.

Time: 9:15 a.m. to 6:00 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Mirela Milescu, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892, *mirela.milescu@nih.gov.*

Name of Committee: Center for Scientific Review Special Emphasis Panel; Societal and Ethical Issues in Research.

Date: October 9, 2026.

Time: 10:00 a.m. to 6:00 p.m.

Agenda: To review and evaluate grant applications.

Address: National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD 20892.

Meeting Format: Virtual Meeting.

Contact Person: Rochelle Francine Hentges, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 1000C, Bethesda, MD 20892, (301) 402–8720, *hentgesrf@mail.nih.gov.*

(Catalogue of Federal Domestic Assistance Program Nos. 93.306, Comparative Medicine; 93.333, Clinical Research, 93.306, 93.333, 93.337, 93.393–93.396, 93.837–93.844, 93.846–93.878, 93.892, 93.893, National Institutes of Health, HHS)

Dated: September 2, 2026.

Bruce A. George,

Program Analyst, Office of Federal Advisory Committee Policy.

[FR Doc. 2026–18193 Filed 9–4–26; 8:45 am]

BILLING CODE 4167–05–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

National Institutes of Health

Submission for OMB Review; 30-Day Comment Request Data and Specimen Hub (DASH) (Eunice Kennedy Shriver National Institute of Child Health and Human Development)

AGENCY: National Institutes of Health, HHS.

ACTION: Notice.

SUMMARY: In compliance with the Paperwork Reduction Act of 1995, the National Institutes of Health (NIH) has submitted to the Office of Management and Budget (OMB) a request for review and approval of the information collection listed below.

DATES: Comments regarding this information collection are best assured of having their full effect if received by October 8, 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: To request more information on the proposed project or to obtain a copy of the data collection plans and instruments, contact: Rebecca F. Rosen, Ph.D., Director of the Office of Data Science and Sharing, *Eunice Kennedy Shriver* National Institute of Child Health and Human Development (NICHD), National Institutes of Health, 6710B Rockledge Drive, Bethesda, MD 20817, call non-toll-free number 240–447–7723, or email your request, including your address to: *SupportDASH@mail.nih.gov.* Formal requests for additional plans and instruments must be requested in writing.

SUPPLEMENTARY INFORMATION: This proposed information collection was previously published in the **Federal Register** on May 27, 2026, pages 31471–31473, (Vol. 91 FR 31471) and allowed 60 days for public comment. One request for information was received for the data collection plan and tools to be provided. This was sent to the requester on June 29, 2026. There were no public comments. The purpose of this notice is to allow an additional 30 days for public comment.

The *Eunice Kennedy Shriver* National Institute of Child Health and Human Development (NICHD), National Institutes of Health, may not conduct or sponsor, and the respondent is not required to respond to, an information collection that has been extended, revised, or implemented on or after October 1, 1995, unless it displays a currently valid OMB control number.

In compliance with Section 3507(a)(1)(D) of the Paperwork Reduction Act of 1995, the National Institutes of Health (NIH) has submitted to the Office of Management and Budget (OMB) a request for review and approval of the information collection listed below.

Proposed Collection: Data and Specimen Hub (DASH) 0925–0744 expiration date 07/31/2027, REVISION, *Eunice Kennedy Shriver* National Institute of Child Health and Human Development (NICHD), National Institutes of Health (NIH).

Need and Use of Information Collection: NICHD DASH was established by NICHD as a data sharing mechanism for clinical and population health research studies. It serves as a centralized resource for investigators to share and access de-identified study data funded by NICHD. DASH also serves as a portal for requesting biospecimens from select DASH studies.

NICHD is in the process of migrating DASH data to a new instance of the Biomedical Research Informatics Computing System (BRICS) platform operated by the NIH Center for Information Technology (CIT). This requires changes to the existing Office of Management and Budget (OMB)-approved DASH forms to align with the BRICS platform structure and to incorporate new NIH Requirements for Controlled-Access Data Repositories (CADRs) from the Required Security and Operational Standards for NIH Controlled-Access Data Repositories (NIH CADR Guidebook), hereinafter referred to as ''NOT–OD–25–159'' (*https://www.grants.nih.gov/grants/guide/notice-files/NOT-OD-25-159.html*).

Six (6) NICHD DASH information collection forms have been updated and three (3) forms have been removed. No (0) forms have been added.

Information collected from Users wishing to create an account will be sufficient to identify them as unique Users in the NICHD DASH system and to comply with user access requirements in NOT–OD–25–159. Users submitting or requesting data and/or biospecimens will be required to provide information to ensure proper use and secure handling of NICHD DASH study data and biospecimens, in alignment with the standard data submission and access processes and security standards and practices in NOT–OD–25–159. Users submitting data will be required to provide an institutional attestation that the data and biospecimen catalog being submitted are appropriate for sharing in NICHD DASH, following the standard language in NOT–OD–25–159. Users with approved data and biospecimen requests will be required to submit an annual progress or closeout report to provide data and/or biospecimen usage information and comply with data access process and security standards in NOT–OD–25–159 and biospecimen access terms. The information collected from Users who register in NICHD DASH and submit or request data and/or biospecimens will be used to monitor submissions and requests, oversee Users' experiences with DASH, notify interested recipients of updates to study data or biospecimen catalogs available through NICHD DASH, and maintain User and NICHD DASH compliance with NOT–OD–25–159.

The potential for public benefit to be achieved through sharing study data and/or biospecimens through DASH for secondary analysis is significant. NICHD DASH supports NICHD's mission to lead research and training to understand human development, improve reproductive health, enhance the lives of children and adolescents, and optimize abilities for all. Study data and biospecimen sharing and reuse promotes testing of new hypotheses from data and biospecimens already collected, facilitate trans-disciplinary collaboration, accelerate scientific findings, and enable NICHD to maximize the return on its investments in research.

This revised information collection package is being submitted to OMB to revise NICHD DASH clearance for use of the forms indicated in the Table (Estimated Annualized Burden Hours) below. OMB approval is requested for 3 years. There are no costs to respondents other than their time.

The total User burden increased from 2024 to 2026 as a result of: (a) Additional attestation information and data collection required to comply with NOT–OD–25–159, and (b) NICHD DASH supporting a significant increase in User numbers due to NIH-wide data sharing expectations under the NIH DMS Policy. The estimated annualized burden is 1,361 hours. See details in the Table below.

Estimated Annualized Burden Hours

ANNUAL BURDEN HOURS ESTIMATE

Form name	Number of respondents	Number of responses per respondent	Average burden per response (in hours)	Total annual burden hour
User Registration	1,500	1	5/60	125
Data and Biospecimen Catalog Submission	100	1	2	200
Institutional Certification Template	100	1	5/60	8

ANNUAL BURDEN HOURS ESTIMATE—Continued

Form name	Number of respondents	Number of responses per respondent	Average burden per response (in hours)	Total annual burden hour
Data Access Request (New Request)	500	1	1	500
Data Access Request (Renewal)	380	1	10/60	63
Biospecimen Access Request (New Request)	60	1	1	60
Biospecimen Access Request (Renewal)	3	1	10/60	1
Annual Progress Report/Closeout Report (Data & Biospecimen Access)	606	1	40/60	404
Total	3,249	3,249		1,361

Dated: September 2, 2026.

Jennifer M. Guimond,

Project Clearance Liaison, Eunice Kennedy Shriver National Institute of Child Health and Human Development, National Institutes of Health.

[FR Doc. 2026–18191 Filed 9–4–26; 8:45 am]

BILLING CODE 4140–01–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

National Institutes of Health

Center for Scientific Review; Amended Notice of Meeting

Notice is hereby given of a change in the meeting of the Center for Scientific Review Special Emphasis Panel, October 15, 2026, 09:30 a.m. to October 16, 2026, 09:00 p.m., National Institutes of Health, Rockledge II, 6701 Rockledge Drive, Bethesda, MD, 20892 which was published in the **Federal Register** on August 31, 2026, 91 FR 55890 Doc No. 2026–17687.

This meeting is being amended to change the meeting to 1-day ending on October 15, 2026. The meeting is closed to the public.

Dated: September 2, 2026.

Bruce A. George,

Program Analyst, Office of Federal Advisory Committee Policy.

[FR Doc. 2026–18215 Filed 9–4–26; 8:45 am]

BILLING CODE 4167–05–P

DEPARTMENT OF THE INTERIOR

Geological Survey

[Docket No. USGS–2026–0331; GR26ZS00MD86700; OMB Control Number 1028–0140]

Agency Information Collection Activities; Terrestrial Analogs Survey Submission to the Office of Management and Budget for Review and Approval; Terrestrial Analogs Survey

AGENCY: U.S. Geological Survey, Interior.

ACTION: Notice of information collection; request for comment.

SUMMARY: In accordance with the Paperwork Reduction Act of 1995 (PRA), the U.S. Geological Survey (USGS) is proposing to renew an information collection with revisions.

DATES: Interested persons are invited to submit comments on or before October 8, 2026.

ADDRESSES: You may submit comments by one of the following methods:

▪ *Internet: https://www.regulations.gov.* Search for and submit comments on Docket No. USGS–2026–0331.

▪ *U.S. Mail:* USGS, Information Collections Clearance Officer, 12201 Sunrise Valley Drive, MS 159, Reston, VA 20192.

FOR FURTHER INFORMATION CONTACT: To request additional information about this information collection request (ICR), contact Amber Gullikson by email at *agullikson@usgs.gov* or by phone at 928–556–7009. Individuals in the United States who are deaf, deafblind, hard of hearing, or have a speech disability may dial 711 (TTY, TDD, or TeleBraille) to access telecommunications relay services. Individuals outside the United States should use the relay services offered within their country to make international calls to the point-of-contact in the United States. You may also view the ICR at *http://www.reginfo.gov/public/do/PRAMain.*

SUPPLEMENTARY INFORMATION: In accordance with the PRA (44 U.S.C. 3501 *et seq.*) and 5 CFR 1320.8(d)(1), we provide the public and other Federal agencies with an opportunity to comment on new, proposed, revised, and continuing collections of information. This helps us assess the impact of our information collection requirements and minimize the public's reporting burden. It also helps the public understand our information collection requirements and provide the requested data in the desired format.

A **Federal Register** notice with a 60-day public comment period soliciting comments on this collection of information was published on Thursday, July 2, 2026 (91 FR 40553). No comments were received.

As part of our continuing effort to reduce paperwork and respondent burdens, we are again soliciting comments from the public and other Federal agencies on the proposed ICR that is described below. We are especially interested in public comments addressing the following:

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

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

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

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

Comments that you submit in response to this notice are a matter of public record. Before including your address, phone number, email address, or other personally identifiable information (PII) in your comment, you should be aware that your entire comment—including your PII—may be made publicly available at any time. While you can ask us in your comment to withhold your PII from public review, we cannot guarantee that we will be able to do so.

Abstract: The USGS developed and released a survey to assess the terrestrial analog needs of the planetary science community. The goal was to assess the current state of terrestrial analog studies and determine community needs related to the use of field sites for training and research, data dissemination and archiving, and sample collections. The survey was designed to gather feedback from community members who have a self-described interest in the use of terrestrial analogs. The web-based questionnaire contained a total of 33 questions and was designed to take <10 minutes to complete. The questionnaire was divided into four sections: (1) ''Respondent Details,'' (2) ''Field Analog Use,'' (3) ''Data Portal Use,'' and (4) ''Geologic Materials Collection Use.'' Comment boxes were provided for 12 of the 33 questions, which allowed respondents to provide more detailed comments to individual questions. The questionnaire received a total of 248 responses. We identified 21 notable findings which are matched with one or more recommendations to be addressed by the planetary science community. The purpose of the revision is to assess the current terrestrial analog needs of the planetary science community and evaluate how well the community perceives the previous survey's findings, recommendations, and the changes implemented in response to those needs, to determine whether those changes have been effective or if additional measures are necessary.

Title of Collection: Assessing Community Needs for Terrestrial Analog Studies.

OMB Control Number: 1028–0140.

Form Number: None.

Type of Review: Revision of a currently approved collection.

Respondents/Affected Public: The planetary science community, which includes scientists from universities, institutions, government agencies, and students (both undergraduate and graduate). The questionnaire received a total of 248 responses.

Total Estimated Number of Annual Respondents: 223.

Total Estimated Number of Annual Responses: 223.

Estimated Completion Time per Response: Average of 12.5 minutes to complete entire survey.

Total Estimated Number of Annual Burden Hours: 112 Hours.

Respondent's Obligation: First ten questions were on demographic and background information, which were all mandatory. The remaining sections, that is, Field Analog Use, Data Portal Use, and Terrestrial Analog Sample Collection Use were all voluntary.

Frequency of Collection: On occasion.

Total Estimated Annual Non-hour Burden Cost: None.

An agency may not conduct or sponsor and a person is not required to respond to a collection of information unless it displays a currently valid OMB control number.

The authority for this action is the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*).

Chris Okubo,

USGS Astrogeology Science Center Director, Southwest Region.

[FR Doc. 2026–18252 Filed 9–4–26; 8:45 am]

BILLING CODE 4338–11–P

DEPARTMENT OF THE INTERIOR

National Park Service

[NPS–NERO–CEBE–41825; PPNECEBE00, PPMPSPD1Z.YM0000]

Cedar Creek and Belle Grove National Historical Park Advisory Commission; Notice of Public Meeting

AGENCY: National Park Service, Interior.

ACTION: Meeting notice.

SUMMARY: In accordance with the Federal Advisory Committee Act of 1972, as amended, the National Park Service is hereby giving notice that the Cedar Creek and Belle Grove National Historical Park Advisory Commission (Commission) will meet as indicated below.

DATES: The Commission will meet via teleconference and in person on Thursday, September 17, 2026; Thursday, December 17, 2026; and Thursday, March 18, 2027. All scheduled meetings will begin at 9:00 a.m. and will end by 11:00 a.m. (EASTERN).

ADDRESSES: The Commission will meet via teleconference and in person at the Middletown Town Hall Council Chambers, 7875 Church Street, Middletown, Virginia 22645 on September 17, 2026. The December 17, 2026, and March 18, 2027, meetings will be held at the Warren County Government Center, 220 North Commerce Avenue, Front Royal, Virginia 22630. Information on joining the teleconference will be available on the Cedar Creek and Belle Grove National Historical Park website at *https://www.nps.gov/cebe/learn/management/park-advisory-commission.htm.*

FOR FURTHER INFORMATION CONTACT: Karen Beck-Herzog, Site Manager, Cedar Creek and Belle Grove National Historical Park, P.O. Box 700, Middletown, Virginia 22645, telephone (540) 868–9176, email *karen_beck_herzog@nps.gov,* or visit the park website: *https://www.nps.gov/cebe/index.htm.* 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: The Commission was designated by Congress to provide advice to the Secretary of the Interior on the preparation and implementation of the park's general management plan and to advise on land protection (16 U.S.C. 410iii–7). The meeting is open to the public. Individuals who are interested in the park, the implementation of the plan, or the business of the Commission are encouraged to attend the meeting. Interested members of the public may present, either orally or through written comments, information for the Commission to consider during the public meeting. Attendees and those wishing to provide comment are strongly encouraged to preregister through the contact information provided. Written comments may be sent to Karen Beck-Herzog (see **FOR FURTHER INFORMATION CONTACT**). All comments received will be provided to the Commission. A detailed final agenda will be posted 48 hours in advance of the meeting on the Commission's website at *https://www.nps.gov/cebe/learn/management/park-advisory-commission.htm.* If a meeting date and location are changed, the Superintendent will issue a press release and use local newspapers and/or radio stations to announce the rescheduled meeting. Detailed minutes of the meeting will be available for public inspection within 90 days of the meeting.

Purpose of the Meeting: The topics to be discussed include: general management plan next steps, visitor services and interpretation, land protection planning, historic preservation, and natural resource protection.

Commission meetings consist of the following:

1. General Introductions
2. Park Operations Briefing
3. Reports and Discussions
4. Old Business
5. New Business
6. Public Comments
7. Closing Remarks

Meeting Accessibility/Special Accommodations: The meeting is open to the public. Please make requests in advance for sign language interpreter services, assistive listening devices, or other reasonable accommodations. We ask that you contact the person listed in the **FOR FURTHER INFORMATION CONTACT** section of this notice at least seven (7) business days prior to the meeting to give the Department of the Interior sufficient time to process your request. All reasonable accommodation requests are managed on a case-by-case basis.

Public Disclosure of Comments: 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 view, we cannot guarantee that we will be able to do so.

(Authority: 5 U.S.C. Ch. 10.)

Alma Ripps,

Chief, Office of Policy.

[FR Doc. 2026–18250 Filed 9–4–26; 8:45 am]

BILLING CODE 4312–52–P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 337–TA–1443]

Certain Foreign-Fabricated Semiconductor Devices, Products Containing the Same, and Components Thereof; Notice of a Commission Determination Not To Review an Initial Determination Granting a Joint Motion To Terminate the 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. 77) of the presiding administrative law judge ("ALJ") granting a joint motion to terminate the investigation in its entirety based on settlement and to limit service of the settlement agreement.

FOR FURTHER INFORMATION CONTACT: Lisa A. Murray, Esq., Office of the General Counsel, U.S. International Trade Commission, 500 E Street SW, Washington, DC 20436, telephone (202) 205–2781. Copies of non-confidential documents filed in connection with this investigation may be viewed on the Commission's electronic docket (EDIS) at *https://edis.usitc.gov.* For help accessing EDIS, please email *EDIS3Help@usitc.gov.* General information concerning the Commission may also be obtained by accessing its internet server at *https://www.usitc.gov.* Hearing-impaired persons are advised that information on this matter can be obtained by contacting the Commission's TDD terminal, telephone (202) 205–1810.

SUPPLEMENTARY INFORMATION: On March 26, 2025, the Commission instituted the present investigation based on a complaint, as supplemented, filed by Longitude Licensing Ltd. and Marlin Semiconductor Limited, both of Dublin, Ireland ("Complainants"). 90 FR 13779–81 (Mar. 26, 2025). The complaint alleged violations of section 337 of Tariff Act of 1930, as amended, 19 U.S.C. 1337, based upon the importation into the United States, the sale for importation, and the sale within the United States after importation of certain foreign-fabricated semiconductor devices, products containing the same, and components thereof, that infringe one or more of the asserted claims of U.S. Patent Nos. 7,745,847 ("the '847 patent"); 9,093,473 ("the '473 patent"); 9,147,747 ("the '747 patent"); 9,184,292 ("the '292 patent"); and 9,953,880 ("the '880 patent"). *Id.* The complaint also alleges that a domestic industry exists or is in the process of being established. *Id.*

The notice of investigation names the following respondents: Taiwan Semiconductor Manufacturing Company Limited of Hsinchu, Taiwan; Apple of Cupertino, California; Broadcom Inc. of Palo Alto, California; Lenovo Group Limited ("LGL") of Hong Kong S.A.R., China; Motorola (Wuhan) Mobility Technologies, Communication Company Limited of Wuhan, China; Motorola Mobile Communication, Technology Ltd. of Xiamen, China; OnePlus Technology (Shenzhen) Co., Ltd. of Shenzhen, China; and Qualcomm Inc. of San Diego, California. The Office of Unfair Import Investigations ("OUII") has also been named as a party to this investigation.

On August 14, 2025, the Commission amended the complaint and notice of investigation to terminate respondent LGL and substitute LGL with respondents: Lenovo (Shanghai) Electronics Technology Co., Ltd. of Shanghai, China; Lenovo PC International Ltd.; Lenovo PC HK Ltd. of Quarry Bay, Hong Kong; Lenovo Information Products (Shenzhen) Co., Ltd. of Shenzhen, China; Lenovo Beijing Co., Ltd. of Beijing, China; and Lenovo (United States) Inc. of Morrisville, North Carolina. *See* Order No. 34 (July 21, 2025), *unreviewed by* Comm'n Notice (Aug. 14, 2025); 90 FR 40398 (Aug. 19, 2025).

The Commission previously terminated the investigation as to claims 1–5 and 7–11 of the '847 patent; claims 3–10 of the '473 patent; claims 1–3 and 6–7 of the '747 patent; claims 1, 5–9, 11–15, and 17–20 of the '292 patent; and claims 1–12 of the '880 patent, based on withdrawal of the complaint as to those claims. *See* Order No. 36 (July 31, 2025), *unreviewed by* Comm'n Notice (Aug. 14, 2025); Order No. 47 (Nov. 19, 2025), *unreviewed by* Comm'n Notice (Dec. 15, 2025); Order No. 52 (Dec. 31, 2025), *unreviewed by* Comm'n Notice (Jan. 15, 2026); Order No. 66 (Jan. 30, 2026), *unreviewed by* Comm'n Notice (Feb. 24, 2026).

On June 26, 2026, the Commission terminated the investigation as to Apple on the basis of a settlement agreement. Order No. 71 (June 16, 2026), *unreviewed by* Comm'n Notice (June 26, 2026).

On July 14, 2026, Complainants and respondent Taiwan Semiconductor Manufacturing Company Limited ("TSMC") filed an unopposed joint motion to terminate the investigation based upon settlement. On July 21, 2026, OUII filed a response supporting the motion.

On August 5, 2026, the ALJ issued the subject ID (Order No. 77) pursuant to Commission Rule 210.21(b), 19 CFR 210.21(b), granting the joint motion to terminate the investigation. The ID finds that the joint motion complies with Commission Rule 210.21(b). Pursuant to Commission Rule 210.21(b)(1), 19 CFR 210.21(b)(1), the ALJ also found that good cause exists to limit service of the unredacted Confidential Settlement Agreements attached to the joint motion to Complainant, TSMC, and OUII. Because all remaining Respondents in this investigation are alleged direct or indirect customers of TSMC, the ID terminates the investigation in its entirety. No petitions for review of the ID were filed.

The Commission has determined not to review the ID. The investigation is terminated in its entirety.

The Commission vote for this determination took place on September 3, 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 3, 2026.

Lisa R. Barton,

Secretary to the Commission.

[FR Doc. 2026–18260 Filed 9–4–26; 8:45 am]

BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[Investigation Nos. 701–TA–767 and 731–TA–1750 (Final)]

L-Lysine From China

Determinations

On the basis of the record [1] developed in the subject investigations, the United States International Trade Commission (''Commission'') determines, pursuant to the Tariff Act of 1930 (''the Act''), that an industry in the United States is materially injured by reason of imports of L-lysine (''lysine'') from China, provided for in subheading 2922.41.00 of the Harmonized Tariff Schedule of the United States, that have been found by the U.S. Department of Commerce (''Commerce'') to be sold in the United States at less than fair value (''LTFV''), and imports of the subject merchandise from China that have been found to be subsidized by the government of China.[2] [3]

Background

The Commission instituted these investigations effective May 28, 2025, following receipt of petitions filed with the Commission and Commerce by Archer Daniels Midland Company (''ADM''), Chicago, Illinois; CJ Bio America, Inc., an Iowa Corporation (''CJ Bio''), Fort Dodge, Iowa; and Evonik Corporation (''Evonik''), Piscataway, NJ. The final phase of the investigations was scheduled by the Commission following notification of preliminary determinations by Commerce that imports of lysine from China were subsidized within the meaning of section 703(b) of the Act (19 U.S.C. 1671b(b)) and sold at LTFV within the meaning of 733(b) of the Act (19 U.S.C. 1673b(b)). Notice of the scheduling of the final phase of the Commission's investigations and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the **Federal Register** on April 3, 2026 (91 FR 16967). The public hearing in connection with the investigations, originally scheduled for July 14, 2026, was cancelled.[4]

The Commission made these determinations pursuant to §§ 705(b) and 735(b) of the Act (19 U.S.C. 1671d(b) and 19 U.S.C. 1673d(b)). It completed and filed its determinations in these investigations on September 2, 2026. The views of the Commission are contained in USITC Publication 5783 (September 2026), entitled *L-Lysine from China: Investigation Nos. 701–TA–767 and 731–TA–1750 (Final).*

By order of the Commission.

Issued: September 2, 2026.

Lisa Barton,

Secretary to the Commission.

[FR Doc. 2026–18195 Filed 9–4–26; 8:45 am]

BILLING CODE 7020–02–P

[1] The record is defined in § 207.2(f) of the Commission's Rules of Practice and Procedure (19 CFR 207.2(f)).

[2] 91 FR 46399 and 91 FR 46406 (July 23, 2026).

[3] Commissioners Bart Thanhauser and David Foley Jr. did not participate in the vote.

[4] 91 FR 43667, July 16, 2026.

DEPARTMENT OF JUSTICE

Drug Enforcement Administration

[Docket No. DEA–1761]

Importer of Controlled Substances Application: Fresenius Kabi USA, LLC

AGENCY: Drug Enforcement Administration, Justice.

ACTION: Notice of application.

SUMMARY: Fresenius Kabi USA, LLC has applied to be registered as an importer of basic class(es) of controlled substance(s). Refer to **SUPPLEMENTARY INFORMATION** listed below for further drug information.

DATES: Registered bulk manufacturers of the affected basic class(es), and applicants, therefore, may submit electronic comments on, or objections to the issuance of the proposed registration on or before October 8, 2026. Such persons may also file a written request for a hearing on the application on or before October 8, 2026.

ADDRESSES: The Drug Enforcement Administration requires that all comments be submitted electronically through the Federal eRulemaking Portal, which provides the ability to type short comments directly into the comment field on the web page or attach a file for lengthier comments. Please go to *https://www.regulations.gov* and follow the online instructions at that site for submitting comments. Upon submission of your comment, you will receive a Comment Tracking Number. Please be aware that submitted comments are not instantaneously available for public view on *https://www.regulations.gov.* If you have received a Comment Tracking Number, your comment has been successfully submitted and there is no need to resubmit the same comment. All requests for a hearing must be sent to: (1) Drug Enforcement Administration, Attn: Hearing Clerk/OALJ, 8701 Morrissette Drive, Springfield, Virginia 22152; and (2) Drug Enforcement Administration, Attn: DEA Federal Register Representative/DPW, 8701 Morrissette Drive, Springfield, Virginia 22152. All requests for a hearing should also be sent to: Drug Enforcement Administration, Attn: Administrator, 8701 Morrissette Drive, Springfield, Virginia 22152.

SUPPLEMENTARY INFORMATION: In accordance with 21 CFR 1301.34(a), this is notice that on August 4, 2026, Fresenius Kabi USA, LLC, 3159 Staley Road, Grand Island, New York 14072–2028, applied to be registered as an importer of the following basic class(es) of controlled substance(s):

Controlled substance	Drug Code	Schedule
Remifentanil	9739	II

The company plans to import the listed controlled substance(s) as bulk active pharmaceutical ingredient to manufacture Food and Drug Administration (FDA)-approved dosage forms. No other activity for this drug code is authorized for this registration.

Approval of permit applications will occur only when the registrant's business activity is consistent with what is authorized under 21 U.S.C. 952(a)(2). Authorization will not extend to the import of FDA-approved or non-approved finished dosage forms for commercial sale.

Justin Wood,

Deputy Assistant Administrator.

[FR Doc. 2026–18201 Filed 9–4–26; 8:45 am]

BILLING CODE P

DEPARTMENT OF JUSTICE

Drug Enforcement Administration

[Docket No. DEA–1762]

Importer of Controlled Substances Application: Cambrex High Point, Inc.

AGENCY: Drug Enforcement Administration, Justice.

ACTION: Notice of application.

SUMMARY: Cambrex High Point, Inc. has applied to be registered as an importer of basic class(es) of controlled substance(s). Refer to **SUPPLEMENTARY INFORMATION** listed below for further drug information.

DATES: Registered bulk manufacturers of the affected basic class(es), and applicants, therefore, may submit electronic comments on or objections to the issuance of the proposed registration on or before October 8, 2026. Such persons may also file a written request for a hearing on the application on or before October 8, 2026.

ADDRESSES: The Drug Enforcement Administration requires that all comments be submitted electronically through the Federal eRulemaking Portal, which provides the ability to type short comments directly into the comment field on the web page or attach a file for lengthier comments. Please go to *https://www.regulations.gov* and follow the online instructions at that site for submitting comments. Upon submission of your comment, you will receive a Comment Tracking Number. Please be aware that submitted comments are not instantaneously available for public view on *https://www.regulations.gov.* If you have received a Comment Tracking Number, your comment has been successfully submitted and there is no need to resubmit the same comment. All requests for a hearing must be sent to: (1) Drug Enforcement Administration, Attn: Hearing Clerk/OALJ, 8701 Morrissette Drive, Springfield, Virginia 22152; and (2) Drug Enforcement Administration, Attn: DEA Federal Register Representative/DPW, 8701 Morrissette Drive, Springfield, Virginia 22152. All requests for a hearing should also be sent to: Drug Enforcement Administration, Attn: Administrator, 8701 Morrissette Drive, Springfield, Virginia 22152.

SUPPLEMENTARY INFORMATION: In accordance with 21 CFR 1301.34(a), this is notice that on July 29, 2026, Cambrex High Point, Inc., 4180 Mendenhall Oaks Parkway, High Point, North Carolina 27265–8017, applied to be registered as an importer of the following basic class(es) of controlled substance(s):

Controlled substance	Drug code	Schedule
Poppy Straw Concentrate.	9670	II

The company plans to import the listed controlled substance for research and development purposes. No other activity for this drug code is authorized for this registration.

Approval of permit applications will occur only when the registrant's business activity is consistent with what is authorized under 21 U.S.C. 952(a)(2). Authorization will not extend to the import of Food and Drug Administration-approved or non-approved finished dosage forms for commercial sale.

Justin Wood,

Deputy Assistant Administrator.

[FR Doc. 2026–18202 Filed 9–4–26; 8:45 am]

BILLING CODE P

DEPARTMENT OF JUSTICE

Drug Enforcement Administration

Mark Allen, D.D.S.; Rescission of Final Agency Action and Withdrawal of Order To Show Cause

I hereby *rescind* the Decision and Order published on August 20, 2026, at 91 FR 13986 (2026). Additionally, I *withdraw* the Order to Show Cause issued to Mark Allen, D.D.S., of Edmond, Oklahoma on November 24, 2025.

It is so ordered.

This Order is effective immediately.

Signing Authority

This document of the Drug Enforcement Administration was signed on August 31, 2026, by DEA Administrator Terrance C. Cole. That document with the original signature and date is maintained by DEA. For administrative purposes only, and in compliance with requirements of the Office of the Federal Register, the undersigned DEA Federal Register Liaison Officer has been authorized to sign and submit the document in electronic format for publication, as an official document of DEA. This administrative process in no way alters the legal effect of this document upon publication in the **Federal Register**.

Heather Achbach,

Federal Register Liaison Officer, Drug Enforcement Administration.

[FR Doc. 2026–18251 Filed 9–4–26; 8:45 am]

BILLING CODE 4410–09–P

DEPARTMENT OF JUSTICE

Drug Enforcement Administration

Stephen Bossenberry, M.D.; Decision and Order

On February 18, 2026, the Drug Enforcement Administration (DEA or Government) issued an Order to Show Cause (OSC) to Stephen Bossenberry, M.D., of Grand Blanc, Michigan (Registrant). Request for Final Agency Action (RFAA), Exhibit (RFAAX) 1, at 1, 3. The OSC proposed the revocation of Registrant's Certificate of Registration No. FB7239393, alleging that Registrant's registration should be revoked because Registrant is ''currently without authority to prescribe, administer, dispense, or otherwise handle controlled substances in the State of Michigan, the state in which [he is] registered with DEA.'' *Id.* at 2. (citing 21 U.S.C. 824(a)(3)).[1]

The OSC notified Registrant of his right to file a written request for hearing, and that if he failed to file such a request, he would be deemed to have waived his right to a hearing and be in default. *Id.* (citing 21 CFR 1301.43). Here, Registrant did not request a hearing, and the Agency finds him to be in default. RFAA, at 2.[2] ''A default, unless excused, shall be deemed to constitute a waiver of the registrant's/applicant's right to a hearing and an

[1] According to Agency records, Registrant's registration expired on July 31, 2026. The fact that a registrant allows his registration to expire during the pendency of an OSC does not impact the Agency's jurisdiction or prerogative under the Controlled Substances Act (CSA) to adjudicate the OSC to finality. *Jeffrey D. Olsen, M.D.,* 84 FR 68474, 68476–79 (2019).

[2] Based on the Government's submissions in its RFAA dated May 20, 2026, the Agency finds that service of the OSC on Registrant was adequate. The RFAA's included Declaration from a DEA Diversion Investigator (DI) indicates that, after discovering that Registrant was no longer employed at his DEA registered address, on March 6, 2026, the DI traveled to the address associated with Registrant's Michigan driver's license to attempt personal service of the OSC on Registrant, but Registrant was not present at the address. RFAAX 2, at 1–2. On March 10, 2026, the DI mailed copies of the OSC to Registrant's registered address and Registrant's mailing address, as well as emailed the OSC to Registrant's registered email address. *Id.* at 2; *see also id.,* Attachment A. Here, the Agency finds that Registrant was successfully served the OSC by email and that the DI's efforts to serve Registrant by other means were '' 'reasonably calculated, under all the circumstances, to apprise [Registrant] of the pendency of the action.' '' *Jones* v. *Flowers,* 547 U.S. 220, 226 (2006) (quoting *Mullane* v. *Central Hanover Bank & Trust Co.,* 339 U.S. 306, 314 (1950)). Therefore, due process notice requirements have been satisfied. *See Mohammed S. Aljanaby, M.D.,* 82 FR 34552, 34552 (2017) (finding that service by email satisfies due process where the email is not returned as undeliverable and other methods have been unsuccessful); *Emilio Luna, M.D.,* 77 FR 4829, 4830 (2012) (same).

admission of the factual allegations of the [OSC].'' 21 CFR 1301.43(e).

Further, ''[i]n the event that a registrant . . . is deemed to be in default . . . DEA may then file a request for final agency action with the Administrator, along with a record to support its request. In such circumstances, the Administrator may enter a default final order pursuant to [21 CFR] 1316.67.'' *Id.* at 1301.43(f)(1). Here, the Government has requested final agency action based on Registrant's default pursuant to 21 CFR 1301.43(c), (f), 1301.46. RFAA, at 1; *see also* 21 CFR 1316.67.

Findings of Fact

The Agency finds that, in light of Registrant's default, the factual allegations in the OSC are deemed admitted. According to the OSC, on December 20, 2025, both Registrant's Michigan medical license and Michigan controlled substance license expired by their own terms. RFAAX 1, at 2. According to Michigan online records, of which the Agency takes official notice,[3] both Registrant's Michigan medical license and Michigan controlled substance license remain expired. State of Michigan Licensing & Regulatory Affairs Professional Licensing Search, *https://aca-prod.accela.com/MILARA/GeneralProperty/PropertyLookUp.aspx* (last visited date of signature of this Order). Accordingly, the Agency finds that Registrant is not licensed to practice medicine nor to handle controlled substances in Michigan, the state in which he is registered with DEA.[4]

Discussion

Pursuant to 21 U.S.C. 824(a)(3), the Attorney General is authorized to suspend or revoke a registration issued under 21 U.S.C. 823 ''upon a finding that the registrant . . . has had his State license or registration suspended . . . [or] revoked . . . by competent State authority and is no longer authorized by State law to engage in the . . . dispensing of controlled substances.'' With respect to a practitioner, DEA has also long held that the possession of authority to dispense controlled substances under the laws of the state in which a practitioner engages in professional practice is a fundamental condition for obtaining and maintaining a practitioner's registration. *Gonzales* v. *Oregon,* 546 U.S. 243, 270 (2006) (''The Attorney General can register a physician to dispense controlled substances 'if the applicant is authorized to dispense . . . controlled substances under the laws of the State in which he practices.' . . . The very definition of a 'practitioner' eligible to prescribe includes physicians 'licensed, registered, or otherwise permitted, by the United States or the jurisdiction in which he practices' to dispense controlled substances. 802(21).''). The Agency has applied these principles consistently. *See, e.g., Lawrence Rudolph, D.M.D.,* 89 FR 79310 (2024); *Henry-Norbert O. Ndekwe, M.D.,* 90 FR 15990 (2025); *Benson Sergiles, P.A.,* 90 FR 32016 (2025).[5]

According to Michigan law, ''a person who manufactures, distributes, prescribes, or dispenses a controlled substance in this state or who proposes to engage in the manufacture, distribution, prescribing, or dispensing of a controlled substance in this state shall obtain a license issued by the [Michigan Board of Pharmacy] in accordance with the rules.'' Mich. Comp. Laws § 333.7303(1) (2025).

Here, the undisputed evidence in the record is that Registrant lacks authority to handle controlled substances in Michigan because his Michigan controlled substance license is expired. As discussed above, an individual must hold a Michigan controlled substance license to dispense controlled substances in Michigan. Thus, because Registrant lacks authority handle controlled substances in Michigan, Registrant is not eligible to maintain a DEA registration. Accordingly, the Agency will order that Registrant's DEA registration be revoked.

Order

Pursuant to 28 CFR 0.100(b) and the authority vested in me by 21 U.S.C. 824(a), I hereby revoke DEA Certificate of Registration No. FB7239393 issued to Stephen Bossenberry, M.D. Further, pursuant to 28 CFR 0.100(b) and the authority vested in me by 21 U.S.C. 823(g)(1), I hereby deny any pending applications of Stephen Bossenberry, M.D., to renew or modify this registration, as well as any other pending application of Stephen Bossenberry, M.D., for additional registration in Michigan. This Order is effective October 8, 2026.

Signing Authority

This document of the Drug Enforcement Administration was signed on August 31, 2026, by DEA Administrator Terrance C. Cole. That document with the original signature and date is maintained by DEA. For administrative purposes only, and in compliance with requirements of the Office of the Federal Register, the undersigned DEA Federal Register Liaison Officer has been authorized to sign and submit the document in electronic format for publication, as an official document of DEA. This administrative process in no way alters the legal effect of this document upon publication in the **Federal Register**.

Heather Achbach,

Federal Register Liaison Officer, Drug Enforcement Administration.

[FR Doc. 2026–18200 Filed 9–4–26; 8:45 am]

BILLING CODE 4410–09–P

[3] Under the Administrative Procedure Act, an agency ''may take official notice of facts at any stage in a proceeding—even in the final decision.'' United States Department of Justice, Attorney General's Manual on the Administrative Procedure Act 80 (1947) (Wm. W. Gaunt & Sons, Inc., Reprint 1979).

[4] Pursuant to 5 U.S.C. 556(e), ''[w]hen an agency decision rests on official notice of a material fact not appearing in the evidence in the record, a party is entitled, on timely request, to an opportunity to show the contrary.'' The material fact here is that Registrant, as of the date of this Order, is not licensed to practice medicine nor to handle controlled substances in Michigan. Accordingly, Registrant may dispute the Agency's finding by filing a properly supported motion for reconsideration of findings of fact within fifteen calendar days of the date of this Order. Any such motion and response shall be filed and served by email to the other party and to the Office of the Administrator, Drug Enforcement Administration, at *dea.addo.attorneys@dea.gov.*

[5] This rule derives from the text of two provisions of the CSA. First, Congress defined the term ''practitioner'' to mean ''a physician . . . or other person licensed, registered, or otherwise permitted, by . . . the jurisdiction in which he practices . . . , to distribute, dispense, . . . [or] administer . . . a controlled substance in the course of professional practice.'' 21 U.S.C. 802(21). Second, in setting the requirements for obtaining a practitioner's registration, Congress directed that ''[t]he Attorney General shall register practitioners . . . if the applicant is authorized to dispense . . . controlled substances under the laws of the State in which he practices.'' 21 U.S.C. 823(g)(1). Because Congress has clearly mandated that a practitioner possess state authority in order to be deemed a practitioner under the CSA, DEA has held repeatedly that revocation of a practitioner's registration is the appropriate sanction whenever he is no longer authorized to dispense controlled substances under the laws of the state in which he practices. *See, e.g., Elias Garcia Garcia, P.A.,* 90 FR 31242 (2025); *Jason Weakley, R.N., A.P.R.N.,* 90 FR 10085 (2025); *Khursheed Haider, M.D.,* 90 FR 21950 (2025).

DEPARTMENT OF JUSTICE

Drug Enforcement Administration

[Docket No. DEA–1766]

Importer of Controlled Substances Application: Fisher Clinical Services, Inc.

AGENCY: Drug Enforcement Administration, Justice.

ACTION: Notice of application.

SUMMARY: Fisher Clinical Services, Inc. has applied to be registered as an

importer of basic class(es) of controlled substance(s). Refer to **SUPPLEMENTARY INFORMATION** listed below for further drug information.

DATES: Registered bulk manufacturers of the affected basic class(es), and applicants, therefore, may submit electronic comments on or objections to the issuance of the proposed registration on or before October 8, 2026. Such persons may also file a written request for a hearing on the application on or before October 8, 2026.

ADDRESSES: The Drug Enforcement Administration requires that all comments be submitted electronically through the Federal eRulemaking Portal, which provides the ability to type short comments directly into the comment field on the web page or attach a file for lengthier comments. Please go to *https://www.regulations.gov* and follow the online instructions at that site for submitting comments. Upon submission of your comment, you will receive a Comment Tracking Number. Please be aware that submitted comments are not instantaneously available for public view on *https://www.regulations.gov*. If you have received a Comment Tracking Number, your comment has been successfully submitted and there is no need to resubmit the same comment. All requests for a hearing must be sent to: (1) Drug Enforcement Administration, Attn: Hearing Clerk/OALJ, 8701 Morrissette Drive, Springfield, Virginia 22152; and (2) Drug Enforcement Administration, Attn: DEA Federal Register Representative/DPW, 8701 Morrissette Drive, Springfield, Virginia 22152. All requests for a hearing should also be sent to: Drug Enforcement Administration, Attn: Administrator, 8701 Morrissette Drive, Springfield, Virginia 22152.

SUPPLEMENTARY INFORMATION: In accordance with 21 CFR 1301.34(a), this is notice that on August 13, 2026, Fisher Clinical Services, Inc., 700A–C Nestle Way, Breinigsville, Pennsylvania 18031–1522, applied to be registered as an importer of the following basic class(es) of controlled substance(s):

Controlled substance	Drug code	Schedule
Marihuana Extract	7350	I
Marihuana	7360	I
Tetrahydrocannabinols	7370	I
3,4-Methylenedioxymeth amphetamine.	7405	I
5-Methoxy-N-N-dimethyl tryptamine.	7431	I
Dimethyltryptamine	7435	I
Psilocybin	7437	I
Methylphenidate	1724	II
Levorphanol	9220	II
Noroxymorphone	9668	II
Tapentadol	9780	II

The company plans to import the listed controlled substances for use in clinical trials only. No other activities for these drug codes are authorized for this registration.

Approval of permit applications will occur only when the registrant's business activity is consistent with what is authorized under 21 U.S.C. 952(a)(2). Authorization will not extend to the import of Food and Drug Administration-approved or non-approved finished dosage forms for commercial sale.

Justin Wood,

Deputy Assistant Administrator.

[FR Doc. 2026–18203 Filed 9–4–26; 8:45 am]

BILLING CODE P

DEPARTMENT OF JUSTICE

Drug Enforcement Administration

[Docket No. DEA–1764]

Importer of Controlled Substances Application: AndersonBrecon, Inc DBA PCI Pharma Services

AGENCY: Drug Enforcement Administration, Justice.

ACTION: Notice of application.

SUMMARY: AndersonBrecon, Inc DBA PCI Pharma Services has applied to be registered as an importer of basic class(es) of controlled substance(s). Refer to **SUPPLEMENTARY INFORMATION** listed below for further drug information.

DATES: Registered bulk manufacturers of the affected basic class(es), and applicants, therefore, may submit electronic comments on or objections to the issuance of the proposed registration on or before October 8, 2026. Such persons may also file a written request for a hearing on the application on or before October 8, 2026.

ADDRESSES: The Drug Enforcement Administration requires that all comments be submitted electronically through the Federal eRulemaking Portal, which provides the ability to type short comments directly into the comment field on the web page or attach a file for lengthier comments. Please go to *https://www.regulations.gov* and follow the online instructions at that site for submitting comments. Upon submission of your comment, you will receive a Comment Tracking Number. Please be aware that submitted comments are not instantaneously available for public view on *https://www.regulations.gov*. If you have received a Comment Tracking Number, your comment has been successfully submitted and there is no need to resubmit the same comment. All requests for a hearing must be sent to: (1) Drug Enforcement Administration, Attn: Hearing Clerk/OALJ, 8701 Morrissette Drive, Springfield, Virginia 22152; and (2) Drug Enforcement Administration, Attn: DEA **Federal Register** Representative/DPW, 8701 Morrissette Drive, Springfield, Virginia 22152. All requests for a hearing should also be sent to: Drug Enforcement Administration, Attn: Administrator, 8701 Morrissette Drive, Springfield, Virginia 22152.

SUPPLEMENTARY INFORMATION: In accordance with 21 CFR 1301.34(a), this is notice that on August 6, 2026, AndersonBrecon, Inc DBA PCI Pharma Services, 4545 Assembly Drive, Rockford, Illinois 61109–3081, applied to be registered as an importer of the following basic class(es) of controlled substance(s):

Controlled substance	Drug code	Schedule
Marihuana	7360	I

The company plans to import Marihuana (7360) in dosage form for analytical and clinical research trials. No other activity for this drug code is authorized for this registration.

Approval of permit applications will occur only when the registrant's business activity is consistent with what is authorized under 21 U.S.C. 952(a)(2). Authorization will not extend to the import of Food and Drug Administration-approved or non-approved finished dosage forms for commercial sale.

Justin Wood,

Deputy Assistant Administrator.

[FR Doc. 2026–18199 Filed 9–4–26; 8:45 am]

BILLING CODE P

DEPARTMENT OF JUSTICE

Drug Enforcement Administration

[Docket No. DEA–1765]

Bulk Manufacturer of Controlled Substances Application: Irvine Labs, Inc.

AGENCY: Drug Enforcement Administration, Justice.

ACTION: Notice of application.

SUMMARY: Irvine Labs, Inc. has applied to be registered as a bulk manufacturer

of basic class(es) of controlled substance(s). Refer to **SUPPLEMENTARY INFORMATION** listed below for further drug information.

DATES: Registered bulk manufacturers of the affected basic class(es), and applicants, therefore, may submit electronic comments on or objections to the issuance of the proposed registration on or before November 9, 2026. Such persons may also file a written request for a hearing on the application on or before November 9, 2026.

ADDRESSES: The Drug Enforcement Administration requires that all comments be submitted electronically through the Federal eRulemaking Portal, which provides the ability to type short comments directly into the comment field on the web page or attach a file for lengthier comments. Please go to *https://www.regulations.gov* and follow the online instructions at that site for submitting comments. Upon submission of your comment, you will receive a Comment Tracking Number. Please be aware that submitted comments are not instantaneously available for public view on *https://www.regulations.gov.* If you have received a Comment Tracking Number, your comment has been successfully submitted and there is no need to resubmit the same comment.

SUPPLEMENTARY INFORMATION: In accordance with 21 CFR 1301.33(a), this is notice that on August 13, 2026, Irvine Labs, Inc., 7305 Murdy Circle, Huntington Beach, California 92647–3533, applied to be registered as a bulk manufacturer of the following basic class(es) of controlled substance(s):

Controlled substance	Drug code	Schedule
Marihuana extract	7350	I
Marihuana	7360	I
Tetrahydrocannabinols	7370	I

The company plans to bulk manufacture bulk Active Pharmaceutical Ingredients for product development and distribution to the Drug Enforcement Administration-registered researchers. No other activities for these drug codes are authorized for this registration.

Justin Wood,

Deputy Assistant Administrator.

[FR Doc. 2026–18204 Filed 9–4–26; 8:45 am]

BILLING CODE P

MERIT SYSTEMS PROTECTION BOARD

Agency Information Collection Activities: Renewal With Change of a Currently Approved Information Collection; Comment Request

AGENCY: Merit Systems Protection Board.

ACTION: 60-Day notice and request for comments.

SUMMARY: The U.S. Merit Systems Protection Board (MSPB or Board) is seeking to renew with change a currently approved Information Collection Request (ICR) in accordance with the Paperwork Reduction Act (PRA). MSPB will submit the ICR to the Office of Management and Budget (OMB) for review and clearance. This information collection is part of MSPB's statutory mission to adjudicate appeals of certain Federal agency personnel and retirement actions and certain alleged violations of law. The information collection instruments consist of the Initial Appeal Form in different collection mediums: paper; PDF; and electronically through MSPB's electronic filing system, e-Appeal. Through this collection and approval process, MSPB is complying with normal clearance procedures. The purpose of this notice is to allow 60 days for public comment preceding submission of the collection to the OMB.

DATES: Consideration will be given to all comments received by November 9, 2026.

ADDRESSES: Submit comments by using only one of the following methods:

(1) *Email.* Submit comments to *privacy@mspb.gov.*

(2) *Mail.* Submit comments to Gina K. Grippando, Clerk of the Board and Senior Agency Official for Privacy, Office of the Clerk of the Board, U.S. Merit Systems Protection Board, 1615 M Street NW, Washington, DC 20419.

(3) *Fax.* Submit comments to (202) 653–7130.

All comments must reference OMB Control No. 3124–0017. Regardless of the method used for submitting comments or material, MSPB will post all submissions, without change, to MSPB's website (*www.mspb.gov*) and will include any personal information that you provide. Therefore, submitting this information makes it public.

FOR FURTHER INFORMATION CONTACT: Gina K. Grippando, Clerk of the Board and Senior Agency Official for Privacy, at *privacy@mspb.gov.* You may submit written questions to the Office of the Clerk of the Board by any of the following methods: by email to *privacy@mspb.gov,* or by mail to Clerk of the Board, U.S. Merit Systems Protection Board, 1615 M Street NW, Washington, DC 20419. Please reference OMB Control No. 3124–0017 with your questions.

SUPPLEMENTARY INFORMATION: MSPB is authorized to adjudicate appeals of certain Federal agency personnel and retirement actions and certain alleged violations of law. *See* 5 U.S.C.§ 7701(a); 5 U.S.C.§ 1204. The Board has published its regulations for processing appeals at 5 CFR parts 1201, 1208, and 1209, which include the information required to be submitted to initiate a new appeal. Individuals must provide this information in writing and are not required to use a particular format.

The purpose of collecting the information is to ensure that individuals submit the required information to file an appeal, as set forth in MSPB's regulations. While no specific format is required, MSPB provides an appeal form, MSPB Form 185 (Initial Appeal Form), to assist individuals in the efficient and timely submission of the information.

As set forth in statute and regulation, MSPB is a quasi-judicial agency of limited jurisdiction. The Board's regulations require that appellants provide certain information when filing an appeal so that the Board can determine whether it has jurisdiction over the appeal and whether the appeal has been filed within the applicable time limit. Although an appeal may be filed in any format, including letter form, the Initial Appeal Form is designed to assist individuals in submitting the required information, and to ensure that individuals file appeals that meet the jurisdictional requirements of MSPB. The information required to file an appeal is set forth at 5 CFR 1201.24, 1208.13, 1208.23, and 1209.6. Once obtained, this information allows MSPB to docket the appeal for assignment to an administrative judge to adjudicate the appeal. If this information is not collected, the process of determining whether MSPB has jurisdiction over any given appeal and any subsequent adjudication will be less efficient and more time consuming.

Appeal Form 185

The Initial Appeal Form (Form 185) for this renewal is substantially similar to the currently approved Initial Appeal Form with the following updates. The Instructions include edits to remove references to field offices and an update to the Privacy Act Statement to reflect the current system of records notice for appeals and case records. Part 2—Agency Personnel Action or Decision (non-retirement) includes updates to address changes in laws or regulations, including recent regulatory revisions that went into effect on September 2, 2026. Specifically, it removes the following check boxes: ''Termination during probationary or initial service period'' and ''Negative suitability determination.'' It also modifies the check box that currently states ''Separation, demotion or furlough for more than 30 days by reduction in force (RIF)'' to state ''Reduction-in-force (RIF) action in the Foreign Service.'' And it adds a new check box for ''Failure to restore to duty from Uniformed Service or work-related compensable injury.'' Appendix B includes updates to remove the Denver Field Office and add to the Western Regional Office the following states: Arizona, Colorado, Kansas (except Kansas City), Montana, Nebraska, New Mexico, North Dakota, South Dakota, Utah and Wyoming. There are also non-substantive formatting updates throughout the Initial Appeal Form.

Law Firm Point of Contact Collection Form

There are no changes to the previously approved form.

e-Appeal Technical Support Collection Form

There are no changes to the previously approved form.

Title: Information Collection Submission for ''E-Appeal/U.S. Merit Systems Protection Board Appeal Form.''

OMB Number: 3124–0017.

Type of Information Collection: Renewal with Change of a currently approved information collection.

ICR Status: This ICR is currently set to expire on September 30, 2026. An Agency may not conduct or sponsor, and a person is not required to respond to, a collection of information, unless it displays a currently valid OMB control number.

Abstract of Proposed Collection: This information collection is necessary to ensure that individuals submit the required information to file an appeal, as set forth in MSPB's regulations, including information about the appellant and the personnel action or decision that is being appealed.

Affected Public: Individuals and Households.

Estimated Total Number of Respondents: 5,000.

Estimated Frequency of Responses: Once per year.

Estimated Total Average Number of Responses for Each Respondent: 1.

Estimated Total Annual Burden Hours: 7,500.

Estimated Total Cost: $294,075.

Comments: Submit comments as indicated in the **ADDRESSES** caption above. MSPB is soliciting comments to: (a) evaluate whether the collection of information is necessary for the proper performance of the functions of MSPB, including whether the information shall have practical utility; (b) evaluate the accuracy of MSPB's estimate of the burden of the collection of information; (c) enhance the quality, utility, and clarity of the information to be collected; (d) minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology; and (e) evaluate the estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information. Burden means the total time, effort, or financial resources expended by persons to generate, maintain, retain, disclose or provide information to or for a Federal agency. 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.

Gina K. Grippando,

Clerk of the Board.

[FR Doc. 2026–18205 Filed 9–4–26; 8:45 am]

BILLING CODE 7400–01–P

NATIONAL CREDIT UNION ADMINISTRATION

Renewal of Agency Information Collection of a Previously Approved Collection; Request for Comments

AGENCY: National Credit Union Administration (NCUA).

ACTION: Notice of submission to the Office of Management and Budget.

SUMMARY: As required by the Paperwork Reduction Act of 1995, The National Credit Union Administration (NCUA) is submitting the following extensions and revisions of currently approved collections to the Office of Management and Budget (OMB) for renewal.

DATES: Written comments should be received on or before October 8, 2026 to be assured consideration.

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: Copies of the submission may be obtained by contacting Madeleine Humm at (703) 518–6547, emailing *PRAComments@ncua.gov,* or viewing the entire information collection request at *www.reginfo.gov.*

SUPPLEMENTARY INFORMATION:

OMB Number: 3133–0135.

Title: Authorization Agreement for Electronic Funds Transfers Payments.

Type of Review: Extension of a previously approved collection.

Abstract: NCUA is required under the Debt Collection Improvement Act of 1996 (Pub.L 104–134; 31 U.S.C. 3701) to issue payments to credit unions electronically. NCUA needs information to maintain up-to-date and accurate electronic payment data for new and existing credit unions. NCUA used the information on the Authorization Agreement for Electronic Funds Transfer Payments form to update their electronic routing and transit database to enable transmittal of funds and payments.

Affected Public: Private Sector: Not-for-profit institutions.

Estimated Number of Respondents: 140.

Estimated Number of Responses per Respondent: 1.

Estimated Total Annual Responses: 140.

Estimated Hours per Response: 0.25.

Estimated Total Annual Burden Hours: 35.

Reason for Change: This is an extension of a currently approved collection. Adjustments to the number of respondents have been made to reflect an increase in the number of forms submitted electronically.

OMB Number: 3133–0151.

Title: Leasing—12 CFR part 714.

Type of Review: Extension of a previously approved collection.

Abstract: NCUA requires the financially responsible party to guarantee the excess when the residual value of a lease will exceed 25% of the original cost of the leased property. The federal credit union must obtain and have on file financial documentation demonstrating that the guarantor has the resources to meet the guarantee. If a manufacturer is involved, the federal credit union must review financial statements for the period that would establish a reasonable financial trend. If an insurance company is involved, it must have a major company rating of at least a B+. The federal credit union will use the information as part of the risk assessment process to analyze and evaluate the financial capabilities and resources of a party that guarantees the residual value used in a leasing arrangement.

Affected Public: Private Sector: Not-for-profit institutions.

Estimated Number of Respondents: 79.

Estimated Number of Responses per Respondent: 6.

Estimated Total Annual Responses: 474.

Estimated Hours per Response: 2.

Estimated Total Annual Burden Hours: 948.

Reason for Change: This is an extension of a currently approved collection. An adjustment was made to the number of credit unions that offer leasing products attributed to current updated data since the last collection request.

Request for Comments: Comments submitted in response to this notice will be summarized and included in the request for Office of Management and Budget approval. All comments will become a matter of public record. The public is invited to submit comments concerning: (a) whether the collection of information is necessary for the proper performance of the function of the agency, including whether the information will have practical utility; (b) the accuracy of the agency's estimate of the burden of the 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 the information on the respondents, including the use of automated collection techniques or other forms of information technology.

By the National Credit Union Administration Board.

Melane Conyers-Ausbrooks,

Secretary of the Board.

[FR Doc. 2026–18224 Filed 9–4–26; 8:45 am]

BILLING CODE 7535–01–P

NUCLEAR REGULATORY COMMISSION

[NRC–2026–3829]

Application for Amendment to Facility Operating License Involving Proposed No Significant Hazards Consideration Determination and Containing Sensitive Unclassified Non-Safeguards Information and Order Imposing Procedures for Access to Sensitive Unclassified Non-Safeguards Information

AGENCY: Nuclear Regulatory Commission.

ACTION: License amendment request; notice of opportunity to comment, request a hearing, and petition for leave to intervene; order imposing procedures.

SUMMARY: The U.S. Nuclear Regulatory Commission (NRC) received, and is considering approval of, one amendment request. The amendment request is for Shearon Harris Nuclear Power Plant, Unit 1. For the amendment request, the NRC proposes to determine that it involves no significant hazards consideration (NSHC). Because the amendment request contains sensitive unclassified non-safeguards information (SUNSI), the NRC is issuing an order imposing procedures to obtain access to SUNSI for contention preparation by persons who file a hearing request or petition for leave to intervene.

DATES: Comments must be filed by October 8, 2026. A request for a hearing or petitions for leave to intervene must be filed by November 9, 2026. Any potential party as defined in section 2.4 of title 10 of the *Code of Federal Regulations* (10 CFR) who believes access to SUNSI is necessary to respond to this notice must request document access by September 18, 2026.

ADDRESSES: You may submit comments by any of the following methods; however, the NRC encourages electronic comment submission through the Federal rulemaking website.

- *Federal rulemaking website:* Go to *https://www.regulations.gov* and search for Docket ID NRC–2026–3829. Address questions about Docket IDs in *Regulations.gov* to Bridget Curran; telephone: 301–415–1003; email: *Bridget.Curran@nrc.gov*. For technical questions, contact the individual(s) listed in the **FOR FURTHER INFORMATION CONTACT** section of this document.
- *Mail comments to:* Office of Nuclear Material Safety and Safeguards, Mail Stop: TWFN–5–A85, U.S. Nuclear Regulatory Commission, Washington, DC 20555–0001, ATTN: Guidance and Publications Branch.

For additional direction on obtaining information and submitting comments, see ''Obtaining Information and Submitting Comments'' in the **SUPPLEMENTARY INFORMATION** section of this document.

FOR FURTHER INFORMATION CONTACT: Susan Lent, Office of Nuclear Reactor Regulation, U.S. Nuclear Regulatory Commission, Washington, DC 20555–0001; telephone: 301–415–1365; email: *Susan.Lent@nrc.gov*.

SUPPLEMENTARY INFORMATION:

I. Obtaining Information and Submitting Comments

A. Obtaining Information

Please refer to Docket ID NRC–2026–3829, facility name, unit number, docket number, application date, and subject when contacting the NRC about the availability of information for this action. You may obtain publicly available information related to this action by any of the following methods:

- *Federal Rulemaking Website:* Go to *https://www.regulations.gov* and search for Docket ID NRC–2026–3829.
- *NRC's Agencywide Documents Access and Management System (ADAMS):* You may obtain publicly available documents online in the ADAMS Public Documents collection at *https://www.nrc.gov/reading-rm/adams.html*. To begin the search, select ''Begin ADAMS Public Search.'' For problems with ADAMS, please contact the NRC's Public Document Room (PDR) reference staff at 1–800–397–4209, at 301–415–4737, or by email to *PDR.Resource@nrc.gov*. The ADAMS accession number for each document referenced (if it is available in ADAMS) is provided the first time that it is mentioned in this document.
- *NRC's PDR:* The PDR, where you may examine and order copies of publicly available documents, is open by appointment. To make an appointment to visit the PDR, please send an email to *PDR.Resource@nrc.gov* or call 1–800–397–4209 or 301–415–4737, between 8 a.m. and 4 p.m. eastern time (ET), Monday through Friday, except Federal holidays.

B. Submitting Comments

The NRC encourages electronic comment submission through the Federal rulemaking website (*https://www.regulations.gov*). Please include Docket ID NRC–2026–3829, facility name, unit number, docket number, application date, and subject, in your comment submission.

The NRC cautions you not to include identifying or contact information that you do not want to be publicly disclosed in your comment submission. The NRC will post all comment submissions at *https://www.regulations.gov* as well as enter the comment submissions into ADAMS. The NRC does not routinely edit comment submissions to remove identifying or contact information.

If you are requesting or aggregating comments from other persons for submission to the NRC, then you should inform those persons not to include identifying or contact information that they do not want to be publicly disclosed in their comment submission. Your request should state that the NRC does not routinely edit comment submissions to remove such information before making the comment submissions available to the public or entering the comment into ADAMS.

II. Background

Pursuant to section 189a.(1)–(2) of the Atomic Energy Act of 1954, as amended (the Act), the NRC is publishing this notice. The Act requires the Commission to publish notice of any amendments issued or proposed to be issued and grants the Commission the authority to issue and make immediately effective any amendment to an operating license or combined license, as applicable, upon a determination by the Commission that such amendment involves NSHC, notwithstanding the pendency before the Commission of a request for a hearing from any person.

This notice includes a notice of an amendment containing SUNSI.

III. Notice of Consideration of Issuance of an Amendment to Facility Operating License, Proposed No Significant Hazards Consideration Determination, and Opportunity for a Hearing

The Commission has made a proposed determination that the following amendment request involves NSHC. Under the Commission's regulations in 10 CFR 50.92, this means that operation of the facility in accordance with the proposed amendment would not (1) involve a significant increase in the probability or consequences of an accident previously evaluated, or (2) create the possibility of a new or different kind of accident from any accident previously evaluated, or (3) involve a significant reduction in a margin of safety. The basis for this proposed determination for the amendment request is shown as follows.

The Commission is seeking public comments on this proposed NSHC determination. Any comments received within 30 days after the date of publication of this notice will be considered in making any final determination.

Normally, the Commission will not issue the amendment until the expiration of 60 days after the date of publication of this notice. The Commission may issue the license amendment before expiration of the 60-day period provided that its final determination is that the amendment involves NSHC. In addition, the Commission may issue the amendment prior to the expiration of the 30-day comment period if circumstances change during the 30-day comment period such that failure to act in a timely way would result, for example, in derating or shutdown of the facility. If the Commission takes action on the amendment prior to the expiration of either the comment period or the notice period, it will publish a notice of issuance in the **Federal Register**. If the Commission makes a final NSHC determination for the amendment, any hearing on this amendment will take place after issuance. The Commission expects that the need to take this action will occur very infrequently.

A. Opportunity To Request a Hearing and Petition for Leave To Intervene

Within 60 days after the date of publication of this notice, any person (petitioner) whose interest may be affected by any of these actions may file a request for a hearing and petition for leave to intervene (petition) with respect to that action. Petitions shall be filed in accordance with the Commission's ''Agency Rules of Practice and Procedure'' in 10 CFR part 2. Interested persons should consult 10 CFR 2.309. If a petition is filed, the Commission or a presiding officer will rule on the petition and, if appropriate, a notice of a hearing will be issued.

Petitions must be filed no later than 60 days from the date of publication of this notice in accordance with the filing instructions in the ''Electronic Submissions (E-Filing)'' section of this document. Petitions and motions for leave to file new or amended contentions that are filed after the deadline will not be entertained absent a determination by the presiding officer that the filing demonstrates good cause by satisfying the three factors in 10 CFR 2.309(c)(1)(i) through (iii).

If a hearing is requested, and the Commission has not made a final determination on the issue of no significant hazards consideration, the Commission will make a final determination on the issue of no significant hazards consideration, which will serve to establish when the hearing is held. If the final determination is that the license amendment request involves no significant hazards consideration, the Commission may issue the amendment and make it immediately effective, notwithstanding the request for a hearing. Any hearing would take place after issuance of the amendment. If the final determination is that the license amendment request involves a significant hazards consideration, then any hearing held would take place before the issuance of the amendment unless the Commission finds an imminent danger to the health or safety of the public, in which case it will issue an appropriate order or rule under 10 CFR part 2.

A State, local governmental body, Federally recognized Indian Tribe, or designated agency thereof, may submit a petition to the Commission to participate as a party under 10 CFR 2.309(h) no later than 60 days from the date of publication of this notice. Alternatively, a State, local governmental body, Federally recognized Indian Tribe, or designated agency thereof, may participate as a non-party under 10 CFR 2.315(c).

For information about filing a petition and about participation by a person not a party under 10 CFR 2.315, see ADAMS Accession No. ML20340A053 (*https://adamswebsearch2.nrc.gov/webSearch2/main.jsp?AccessionNumber=ML20340A053*) and the NRC's public website *https://www.nrc.gov/about-nrc/regulatory/adjudicatory/hearing.html#participate*).

B. Electronic Submissions (E-Filing)

All documents filed in NRC adjudicatory proceedings, including documents filed by an interested State, local governmental body, Federally recognized Indian Tribe, or designated agency thereof that requests to participate under 10 CFR 2.315(c), must be filed in accordance with 10 CFR 2.302. The E-Filing process requires participants to submit and serve all adjudicatory documents over the internet, or in some cases, to mail copies on electronic storage media, unless an exemption permitting an alternative filing method, as further discussed, is granted. Detailed guidance on electronic submissions is located in the ''Guidance for Electronic Submissions to the NRC'' (ADAMS Accession No. ML13031A056), and on the NRC's public website (*https://www.nrc.gov/site-help/e-submittals.html*).

To comply with the procedural requirements of E-Filing, at least 10 days prior to the filing deadline, the participant should contact the Office of the Secretary by email at *Hearing.Docket@nrc.gov*, or by telephone at 301–415–1677, to: (1) request a digital identification (ID) certificate, which allows the participant (or their counsel or representative) to digitally sign submissions and access the E-Filing system for any proceeding in which it is participating; and (2) advise the Secretary that the participant will be submitting a petition or other adjudicatory document (even in instances in which the participant, or their counsel or representative, already holds an NRC-issued digital ID certificate). Based upon this information, the Secretary will establish an electronic docket for the proceeding if the Secretary has not already established an electronic docket.

Information about applying for a digital ID certificate is available on the NRC's public website (*https://www.nrc.gov/site-help/e-submittals/getting-started.html*). After a digital ID certificate is obtained and a docket is created, the participant must submit adjudicatory documents in the Portable Document Format. Guidance on submissions is available on the NRC's public website (*https://www.nrc.gov/site-help/electronic-sub-ref-mat.html*). A filing is considered complete at the time the document is submitted through the NRC's E-Filing system. To be timely, an electronic filing must be submitted to the E-Filing system no later than 11:59 p.m. ET on the due date. Upon receipt of a transmission, the E-Filing system time-stamps the document and sends the submitter an email confirming receipt of the document. The E-Filing system also distributes an email that provides access to the document to the NRC's Office of the General Counsel and any others who have advised the Office of the Secretary that they wish to participate in the proceeding, so that the filer need not serve the document on those participants separately. Therefore, applicants and other participants (or their counsel or representative) must apply for and receive a digital ID certificate before adjudicatory documents are filed in order to obtain access to the documents via the E-Filing system.

A person filing electronically using the NRC's adjudicatory E-Filing system may seek assistance by contacting the NRC's Electronic Filing Help Desk through the ''Contact Us'' link located on the NRC's public website (*https://www.nrc.gov/site-help/e-submittals.html*), by email to *MSHD.Resource@nrc.gov*, or by a toll-free call at 1–866–672–7640. The NRC Electronic Filing Help Desk is available between 9 a.m. and 6 p.m., ET, Monday through Friday, except Federal holidays.

Participants who believe that they have good cause for not submitting documents electronically must file an exemption request, in accordance with 10 CFR 2.302(g), with their initial paper filing stating why there is good cause for not filing electronically and requesting authorization to continue to submit documents in paper format. Such filings must be submitted in accordance with 10 CFR 2.302(b)–(d). Participants filing adjudicatory documents in this manner are responsible for serving their documents on all other participants. Participants granted an exemption under 10 CFR 2.302(g)(2) must still meet the electronic formatting requirement in 10 CFR 2.302(g)(1), unless the participant also seeks and is granted an exemption from 10 CFR 2.302(g)(1).

Documents submitted in adjudicatory proceedings will appear in the NRC's electronic hearing docket, which is publicly available on the NRC's public website (*https://ehd.nrc.gov*), unless otherwise excluded pursuant to an order of the presiding officer. If you do not have an NRC-issued digital ID certificate as previously described, click ''cancel'' when the link requests certificates and you will be automatically directed to the NRC's electronic hearing docket where you will be able to access any publicly available documents in a particular hearing docket. Participants are requested not to include personal privacy information such as social security numbers, home addresses, or personal phone numbers in their filings unless an NRC regulation or other law requires submission of such information. With respect to copyrighted works, except for limited excerpts that serve the purpose of the adjudicatory filings and would constitute a Fair Use application, participants should not include copyrighted materials in their submission.

The following table provides the plant name, docket number date of application, ADAMS accession number, and location in the application of the licensee's proposed NSHC determination. For further details with respect to this license amendment application, see the application for amendment, publicly available portions of which is available for public inspection in ADAMS. For additional direction on accessing information related to this document, see the ''Obtaining Information and Submitting Comments'' section of this document.

Duke Energy Progress, LLC; Shearon Harris Nuclear Power Plant, Unit 1; Wake and Chatham Counties, NC.

Docket No	50–400.
Application Date	June 10, 2026.
ADAMS Accession No	ML26161A418.
Location in Application of NSHC	Pages 12–14 of the Enclosure.
Brief Description of Amendment	The proposed amendment would revise the Shearon Harris Nuclear Power Plant, Unit 1 (HNP), Updated Final Safety Analysis Report, to apply the leak-before-break methodology to auxiliary piping systems attached to the reactor coolant system for HNP to eliminate the dynamic effects of postulated pipe ruptures.
Proposed Determination	NSHC.
Name of Attorney for Licensee, Mailing Address	Tracey Mitchell LeRoy, Deputy General Counsel, Duke Energy Corporation, 525 S Tryon Street, Charlotte, NC 28202.
NRC Project Manager, Telephone Number	Zachary Turner, 301–415–6303.

Order Imposing Procedures for Access to Sensitive Unclassified Non-Safeguards Information for Contention Preparation; Duke Energy Progress, LLC; Shearon Harris Nuclear Power Plant, Unit 1; Wake and Chatham Counties, NC

A. This Order contains instructions regarding how potential parties to this proceeding may request access to documents containing Sensitive Unclassified Non-Safeguards Information (SUNSI).

B. Within 10 days after publication of this notice of hearing or opportunity for hearing, any potential party who believes access to SUNSI is necessary to respond to this notice may request access to SUNSI. A ''potential party'' is any person who intends to participate as a party by demonstrating standing and filing an admissible contention under 10 CFR 2.309. Requests for access to SUNSI submitted later than 10 days after publication of this notice will not be considered absent a showing of good cause for the late filing, addressing why the request could not have been filed earlier.

C. The requestor shall submit a letter requesting permission to access SUNSI to the Office of the Secretary, U.S. Nuclear Regulatory Commission, Washington, DC 20555–0001, Attention: Rulemakings and Adjudications Staff, and provide a copy to the Deputy General Counsel for Licensing, Hearings, and Enforcement, Office of the General Counsel, U.S. Nuclear Regulatory Commission, Washington, DC 20555–0001. The expedited delivery or courier mail address for both offices is: U.S. Nuclear Regulatory Commission, 11555 Rockville Pike, Rockville, Maryland 20852. The email addresses for the Office of the Secretary and the Office of the General Counsel are *Hearing.Docket@nrc.gov* and *RidsOgcMailCenter.Resource@nrc.gov,* respectively.[1] The request must include the following information:

(1) A description of the licensing action with a citation to this **Federal Register** notice;

(2) The name and address of the potential party and a description of the potential party's particularized interest that could be harmed by the action identified in C.(1); and

(3) The identity of the individual or entity requesting access to SUNSI and the requestor's basis for the need for the information in order to meaningfully participate in this adjudicatory proceeding. In particular, the request must explain why publicly available versions of the information requested would not be sufficient to provide the basis and specificity for a proffered contention.

D. Based on an evaluation of the information submitted under paragraph C, the NRC staff will determine within 10 days of receipt of the request whether:

(1) There is a reasonable basis to believe the petitioner is likely to establish standing to participate in this NRC proceeding; and

(2) The requestor has established a legitimate need for access to SUNSI.

E. If the NRC staff determines that the requestor satisfies both D.(1) and D.(2), the NRC staff will notify the requestor in writing that access to SUNSI has been granted. The written notification will contain instructions on how the requestor may obtain copies of the requested documents, and any other conditions that may apply to access to those documents. These conditions may include, but are not limited to, the signing of a Non-Disclosure Agreement or Affidavit, or Protective Order[2] setting forth terms and conditions to prevent the unauthorized or inadvertent disclosure of SUNSI by each individual who will be granted access to SUNSI.

F. Filing of Contentions. Any contentions in these proceedings that are based upon the information received as a result of the request made for SUNSI must be filed by the requestor no later than 25 days after receipt of (or access to) that information. However, if more than 25 days remain between the petitioner's receipt of (or access to) the information and the deadline for filing all other contentions (as established in the notice of hearing or opportunity for hearing), the petitioner may file its SUNSI contentions by that later deadline.

G. Review of Denials of Access.

(1) If the request for access to SUNSI is denied by the NRC staff after a determination on standing and requisite need, the NRC staff shall immediately notify the requestor in writing, briefly stating the reason or reasons for the denial.

(2) The requestor may challenge the NRC staff's adverse determination by filing a challenge within five days of receipt of that determination with: (a) the presiding officer designated in this proceeding; (b) if no presiding officer has been appointed, the Chief Administrative Judge, or if this individual is unavailable, another administrative judge, or an Administrative Law Judge with jurisdiction pursuant to 10 CFR 2.318(a); or (c) if another officer has been designated to rule on information access issues, with that officer.

(3) Further appeals of decisions under this paragraph must be made pursuant to 10 CFR 2.311.

H. Review of Grants of Access. A party other than the requestor may challenge an NRC staff determination granting access to SUNSI whose release would harm that party's interest independent of the proceeding. Such a challenge must be filed within 5 days of the notification by the NRC staff of its grant of access and must be filed with: (a) the presiding officer designated in this proceeding; (b) if no presiding officer has been appointed, the Chief Administrative Judge, or if this individual is unavailable, another administrative judge, or an Administrative Law Judge with jurisdiction pursuant to 10 CFR 2.318(a); or (c) if another officer has been designated to rule on information access issues, with that officer.

If challenges to the NRC staff determinations are filed, these procedures give way to the normal process for litigating disputes concerning access to information. The availability of interlocutory review by the Commission of orders ruling on such NRC staff determinations (whether granting or denying access) is governed by 10 CFR 2.311.[3]

I. The Commission expects that the NRC staff and presiding officers (and any other reviewing officers) will consider and resolve requests for access to SUNSI, and motions for protective orders, in a timely fashion in order to minimize any unnecessary delays in identifying those petitioners who have standing and who have propounded contentions meeting the specificity and basis requirements in 10 CFR part 2. The attachment to this Order summarizes the general target schedule for processing and resolving requests under these procedures.

It is so ordered.

[1] While a request for hearing or petition to intervene in this proceeding must comply with the filing requirements of the NRC's ''E-Filing Rule,'' the initial request to access SUNSI under these procedures should be submitted as described in this paragraph.

[2] Any motion for Protective Order or proposed Non-Disclosure Affidavit or Agreement for SUNSI must be filed with the presiding officer or the Chief Administrative Judge if the presiding officer has not yet been designated, within 30 days of the deadline for the receipt of the written access request.

[3] Requestors should note that the filing requirements of the NRC's E-Filing Rule (72 FR 49139; August 28, 2007, as amended at 77 FR 46562; August 3, 2012, 78 FR 34247, June 7, 2013) apply to appeals of NRC staff determinations (because they must be served on a presiding officer or the Commission, as applicable), but not to the initial SUNSI request submitted to the NRC staff under these procedures.

Authority: 42 U.S.C. 2011 *et seq.*

Dated: September 3, 2026.

For the Nuclear Regulatory Commission.

Jody Martin,

Secretary of the Commission.

ATTACHMENT 1—GENERAL TARGET SCHEDULE FOR PROCESSING AND RESOLVING REQUESTS FOR ACCESS TO SENSITIVE UNCLASSIFIED NON-SAFEGUARDS INFORMATION IN THIS PROCEEDING

Day	Event/activity
0	Publication of **Federal Register** notice of hearing or opportunity for hearing, including order with instructions for access requests.
10	Deadline for submitting requests for access to Sensitive Unclassified Non-Safeguards Information (SUNSI) with information: (i) supporting the standing of a potential party identified by name and address; and (ii) describing the need for the information in order for the potential party to participate meaningfully in an adjudicatory proceeding.
60	Deadline for submitting petition for intervention containing: (i) demonstration of standing; and (ii) all contentions whose formulation does not require access to SUNSI (+25 Answers to petition for intervention; +7 petitioner/requestor reply).
20	U.S. Nuclear Regulatory Commission (NRC) staff informs the requestor of the staff's determination whether the request for access provides a reasonable basis to believe standing can be established and shows need for SUNSI. (NRC staff also informs any party to the proceeding whose interest independent of the proceeding would be harmed by the release of the information.) If NRC staff makes the finding of need for SUNSI and likelihood of standing, NRC staff begins document processing (preparation of redactions or review of redacted documents).
25	If NRC staff finds no "need" or no likelihood of standing, the deadline for petitioner/requestor to file a motion seeking a ruling to reverse the NRC staff's denial of access; NRC staff files copy of access determination with the presiding officer (or Chief Administrative Judge or other designated officer, as appropriate). If NRC staff finds "need" for SUNSI, the deadline for any party to the proceeding whose interest independent of the proceeding would be harmed by the release of the information to file a motion seeking a ruling to reverse the NRC staff's grant of access.
30	Deadline for NRC staff reply to motions to reverse NRC staff determination(s).
40	(Receipt +30) If NRC staff finds standing and need for SUNSI, deadline for NRC staff to complete information processing and file motion for Protective Order and proposed Non-Disclosure Agreement or Affidavit. Deadline for applicant/licensee to file proposed Non-Disclosure Agreement or Affidavit for SUNSI.
A	If access is granted: issuance of presiding officer or other designated officer decision on motion for Protective Order for access to sensitive information (including schedule for providing access and submission of contentions) or decision reversing a final adverse determination by the NRC staff.
A + 3	Deadline for filing executed Non-Disclosure Agreements or Affidavits. Access provided to SUNSI consistent with decision issuing the Protective Order.
A + 28	Deadline for submission of contentions whose development depends upon access to SUNSI. However, if more than 25 days remain between the petitioner's receipt of (or access to) the information and the deadline for filing all other contentions (as established in the notice of hearing or notice of opportunity for hearing), the petitioner may file its SUNSI contentions by that later deadline.
A + 53	(Contention receipt +25) Answers to contentions whose development depends upon access to SUNSI.
A + 60	(Answer receipt +7) Petitioner/Intervenor reply to answers.
>A + 60	Decision on contention admission.

[FR Doc. 2026–18220 Filed 9–4–26; 8:45 am]

BILLING CODE 7590–01–P

POSTAL REGULATORY COMMISSION

[Docket Nos. MC2026–372 and K2026–362]

New Postal Products

AGENCY: Postal Regulatory Commission.

ACTION: Notice.

SUMMARY: The Commission is noticing a recent Postal Service filing for the Commission's consideration concerning a negotiated service agreement. This notice informs the public of the filing, invites public comment, and takes other administrative steps.

ADDRESSES: Submit comments electronically via the Commission's Filing Online system at *https://www.prc.gov.* Those who cannot submit comments electronically should contact the person identified in the **FOR FURTHER INFORMATION CONTACT** section by telephone for advice on filing alternatives.

FOR FURTHER INFORMATION CONTACT: David A. Trissell, General Counsel, at 202–789–6820.

SUPPLEMENTARY INFORMATION:

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II. Public Proceeding(s)
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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-

[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).

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).:* MC2026–372 and K2026–362; *Filing Title:* USPS Request to Add New Mid-Market Standardized Distinct Product, PM–GA Contract 1084, and Notice of Filing Materials Under Seal; *Filing Acceptance Date:* September 2, 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. 2026–18234 Filed 9–4–26; 8:45 am]

BILLING CODE 7710–FW–P

SECURITIES AND EXCHANGE COMMISSION

[OMB Control No. 3235–0748]

Agency Information Collection Activities; Proposed Collection; Comment Request; Revision: Ombudsman Matter Management System (OMMS) Submission Form

Upon Written Request, Copies Available From: Securities and Exchange Commission, Office of FOIA Services, 100 F Street NE, Washington, DC 20549–2736.

Notice is hereby given that, pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*), the Securities and Exchange Commission (SEC or "Commission") is soliciting comments on the revision of the proposed collection of information.

The Ombudsman Matter Management System ("OMMS") is an electronic data collection system for the receipt, collection and analysis of inquiries, complaints, and recommendations from retail investors directed to the SEC Ombudsman ("Ombuds") and the Office of the Investor Advocate. Section 4(g)(8) of the Securities Exchange Act of 1934 (Exchange Act), 15 U.S.C. 78d(g)(8) requires the SEC Ombuds to (i) act as a liaison between the Commission and any retail investor in resolving problems that retail investors may have with the Commission or with self-regulatory organizations ("SROs"); (ii) review and make recommendations regarding policies and procedures to encourage persons to present questions to the Investor Advocate regarding compliance with the securities laws; and (iii) establish safeguards to maintain the confidentiality of communications between the persons described in clause (ii) and the Ombuds. In addition, Section 4(g)(8) of the Securities Exchange Act of 1934 (Exchange Act), 15 U.S.C. 78d(g)(8) requires the Ombuds to submit a semi-annual report to the Investor Advocate describing the activities and evaluating the effectiveness of the Ombuds during the preceding year.

Each year, the SEC's Office of the Investor Advocate, Office of the Ombuds receives over 2,500 contacts from investors who have complaints or questions about the SEC or any of the self-regulatory organizations that it oversees. To make it easier for the public to contact the Ombuds, the Ombuds created an electronic form, the OMMS Submission Form, that provides drop down options to choose from in order to categorize the investor's complaint or question, and may also provide the investor with automated information about their issue. The OMMS Submission Form asks investors to provide information concerning, among other things, their names, how they can be reached, the names of the individuals or entities involved, the nature of their complaint or tip, what documents they can provide, and what, if any, actions they have taken. Use of the OMMS Submission Form is voluntary. Absent the forms, the public still has several ways to contact the Ombuds, including telephone, letters, and email. Investors can access the OMMS Submission Form through the Ombuds web page at the web address *https://www.sec.gov/ombuds* or directly at the web address *https://omms.sec.gov.*

The dual purpose of the OMMS Submission Form is to make it easier for the public to contact the agency with complaints, questions, tips, or other feedback and to streamline the workflow of Ombuds staff that record, process, and respond to investor contacts. Investors who submit complaints, ask questions, or provide tips do so voluntarily. Although the OMMS Submission Form provides a structured format for incoming investor correspondence, the Commission does not require that investors use any particular form or format when contacting the Ombuds. Investors who choose not to use the OMMS Submission Form will receive the same level of service as those who do.

The Ombuds receives approximately 1,500 contacts each year through the OMMS Submission Form. The Ombuds uses the information that investors supply on the OMMS Submission Form to review and process the contact (which may, in turn, involve responding to questions, processing complaints, or, as appropriate, referring matters to enforcement or examinations for potential investigations), to maintain a record of contacts, to track the volume of investor complaints, and to analyze trends.

This proposed collection is a revision of the previously approved collection for OMMS. The OMMS Submission Form is being revised to include a new information type. Specifically, the user of the revised OMMS Submission Form will be asked to respond to a prepopulated list, which asks whether the submitter is a: Individual Investor; Registered Representative; Accountant; Other Financial Professional; Issuer/Attorney for an Issuer; Brokerage Firm Compliance Officer; Academic/Researcher/Student; Member of the Press.

The staff of the Commission estimates that the total reporting burden for using the OMMS Submission Form is 750 hours. The calculation of this estimate depends on the number of investors who use the forms each year and the estimated time it takes to complete the forms: 1,500 respondents × 30 minutes = 750 burden hours.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB Control Number.

Written comments are invited on: (a) whether this proposed collection of information is necessary for the proper performance of the functions of the SEC, including whether the information will have practical utility; (b) the accuracy of the SEC's estimate of the burden imposed by the proposed collection of information, including the validity of the methodology and the assumptions used; (c) ways to enhance the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated, electronic collection techniques or other forms of information technology.

Please direct your written comments on this 60-Day Collection Notice to Austin Gerig, Director/Chief Data Officer, Securities and Exchange Commission, c/o Tanya Ruttenberg via email to *PaperworkReductionAct@sec.gov* by November 9, 2026.

Dated: September 3, 2026.

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2026–18253 Filed 9–4–26; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–106259; File No. SR–FINRA–2026–016]

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Order Approving a Proposed Rule Change To Amend FINRA Rule 4515.01 (Allocations of Orders Made by Investment Advisers)

September 2, 2026.

I. Introduction

On July 9, 2026, the Financial Industry Regulatory Authority, Inc. (''FINRA'') filed with the Securities and Exchange Commission (''SEC'' or ''Commission''), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Exchange Act''),[1] and Rule 19b–4 thereunder,[2] a proposed rule change to amend FINRA Rule 4515.01 (Allocations of Orders Made by Investment Advisers) to expand the current exception from the rule's principal approval requirements to apply to all allocations of bulk investment adviser orders, irrespective of when allocation instructions are received. The proposed rule change was published for comment in the **Federal Register** on July 21, 2026.[3] The Commission received no comments in response to the Notice. This order approves the proposed rule change.

II. Summary of the Proposed Rule Change

FINRA Rule 4515 (Approval and Documentation of Changes in Account Name or Designation) requires members to place the account name(s) or designation(s) on the customer order form or other similar record before an order is executed. No change in such account name(s) (including related accounts) or designation(s) (including error accounts) shall be made unless the change has been authorized by a qualified and registered principal designated by the member. The essential facts relied upon by the principal approving the change must be documented in writing and preserved in accordance with Exchange Act Rule 17a–4(b). With respect to any change that takes place prior to the execution of the trade, the required principal approval and documentation must occur prior to execution.

FINRA Rule 4515.01 provides a limited exception to the requirements of Rule 4515 for orders from investment advisers (''IAs'') for which there is more than one customer (herein referred to as ''IA bulk orders''). Specifically, members are not required to obtain principal approval for any account name or designation changes relating to IA bulk orders provided that the member receives allocation instructions from the IA no later than the end of the trade date. This exception applies to outside IAs and associated persons of a member who provide investment advisory services on behalf of a member acting as an IA.

Further, FINRA Rule 4515.01 prohibits members from knowingly facilitating the allocation of orders from IAs in a manner other than in compliance with both (1) the IA's intent at the time of trade execution to allocate shares on a percentage basis to the participating accounts; and (2) the IA's fiduciary duty with respect to allocations for such participating accounts, including but not limited to allocations based on the performance of a transaction between the time of execution and the time of allocation.

As described in more detail in the Notice,[4] FINRA is proposing to amend Rule 4515.01 to expand the current exception from the rule's principal approval requirements to apply to all IA bulk orders, notwithstanding when the allocation instructions are received. Specifically, FINRA is proposing to amend Rule 4515.01 to remove the phrase ''provided that members receive specific account designations or customer names from such investment advisers by no later than the end of the day on the trade date'' and replace it with the phrase ''without the principal approval required by this Rule.'' [5]

III. Discussion and Commission Findings

After carefully reviewing the proposed rule change, the Commission finds that the proposed rule change is consistent with the requirements of the Exchange Act and the rules and regulations thereunder applicable to a national securities association.[6] In particular, the Commission finds that the proposed rule change is consistent with Section 15A(b)(6) of the Exchange Act,[7] which requires, among other things, that the association's rules 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

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

[2] *See* 17 CFR 240.19b–4.

[3] *See* Securities Exchange Act Release No. 105925, 91 FR 45862 (July 21, 2026) (''Notice'').

[4] *See* Notice, *supra* note 3.

[5] For the avoidance of doubt, FINRA notes that the proposed rule change would apply to delivery versus payment (''DVP'') and receive versus payment (''RVP'') arrangements and to prime brokers that receive allocation instructions directly from the IA.

[6] In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation, including FINRA's representation that it has undertaken an ''economic impact assessment'' to analyze the regulatory need for the proposed rule change, its potential economic impacts, including anticipated costs, benefits, and distributional and competitive effects, relative to the current baseline, and the alternatives FINRA considered in assessing how best to meet FINRA's regulatory objectives. *See* 15 U.S.C. 78c(f); Notice.

[7] *See* 15 U.S.C. 78*o*–3(b)(6).

public interest. The Commission concludes that the proposed rule change is consistent with section 15A(b)(6) of the Exchange Act,[8] because it eliminates operational burdens that can delay timely allocation processing and increase settlement risks, while preserving investor protection safeguards.

There have been significant changes in the regulatory landscape since the adoption of Rule 4515, which mitigate concerns about timely completion of transactions that existed when FINRA Rule 4515 was adopted. In February 2023, the Commission amended Exchange Act Rule 15c6–1 to shorten the standard settlement cycle for most broker-dealer transactions from T+2 to T+1.[9] T+1 settlement, which became effective on May 28, 2024, is expected to reduce credit, market and liquidity risks in securities transactions.[10]

In addition, many broker-dealers use straight-through processing (''STP''), which refers generally to processes that allow for the automation of the entire trade lifecycle from trade execution through settlement without manual intervention.[11] As the Commission observed in proposing T+1 settlement, ''[i]mproved automation in the settlement process has enabled better straight-through processing and contributed to increases in affirmation rates on trade date and increases in settlement rates, with an attendant decrease in exceptions and fails.''[12]

In contrast, FINRA Rule 4515.01's limitations on allocations of IA bulk orders could result in delays in allocations if, for example, allocation instructions are received late in the day from the IA because the IA is waiting for customer approval or setting up a new customer account. These processing delays, in turn, create settlement risk and the risk that customer accounts do not accurately reflect cash and securities positions. As the Commission highlighted in the SEC T+2 Adopting Release, delays in settlement may cause routine rebalancing or asset allocation changes in an investor's portfolio to become ''lengthy and complicated multi-step processes.''[13]

The Commission notes that a number of safeguards to protect investors and the public interest remain in place even with the approval of the proposed rule change, including:

- Exchange Act Rule 15c6–2(a), which requires that broker-dealers ''[e]nter into a written agreement with the relevant parties to ensure completion of the allocation, confirmation, affirmation, or any combination thereof, for the transaction as soon as technologically practicable and no later than the end of the day on trade date in such form as necessary to achieve settlement of the transaction'' or ''[e]stablish, maintain, and enforce written policies and procedures reasonably designed to ensure completion of the allocation, confirmation, affirmation, or any combination thereof, for the transaction as soon as technologically practicable and no later than the end of the day on trade date in such form as necessary to achieve settlement of the transaction.''[14] Among other things, such policies and procedures must measure and monitor allocation rates and investigate any discrepancies in trade information.[15]
- Exchange Act Rule 17Ad–27, which requires clearing agencies providing central matching services to develop written policies and procedures that facilitate STP of securities transactions.[16] In adopting this rule, the Commission noted that ''eliminating the use of tools that encourage or require manual processing, alongside the continued development and implementation of more efficient automated systems in the institutional trade processing environment, is essential to reducing risk and costs to ensure the prompt and accurate clearance and settlement of securities transactions, particularly in a T+1 environment.''[17]
- Section 206 of the Investment Advisers Act of 1940 (''Advisers Act''), which makes it unlawful for an IA to, among other things, engage in any transaction, practice, or course of business which operates as a fraud or deceit upon any client or prospective client, or to engage in any act, practice, or course of business which is fraudulent, deceptive, or manipulative.[18] IAs are also subject to examinations by Commission staff, which can include reviews of allocation practices.[19]
- FINRA Rule 4515.01, which continues to prohibit FINRA members from ''knowingly [facilitating] the allocation of orders from investment advisers in a manner other than in compliance with both (i) the investment adviser's intent at the time of trade execution to allocate shares on a percentage basis to the participating accounts and (ii) the investment adviser's fiduciary duty with respect to allocations for such participating accounts, including but not limited to allocations based on the performance of a transaction between the time of execution and the time of allocation.''
- FINRA Rule 2010, which requires FINRA members to ''observe high standards of commercial honor and just and equitable principles of trade.''
- FINRA Rule 3110, which requires members to maintain policies and procedures reasonably designed to achieve compliance with applicable securities laws and regulations.

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Exchange Act,[20] that the proposed rule change (SR–FINRA–2026–016) be, and hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[21]

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2026–18206 Filed 9–4–26; 8:45 am]

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8 *See id.*

9 *See* Securities Exchange Act Release No. 80295 (March 22, 2017), 82 FR 15564, 15575 (March 29, 2017) (''SEC T+2 Adopting Release'') (stating, ''significant advancements in technology and the changes in market infrastructures and operations that have occurred since 1993, which are widely assimilated into market practices, provide a basis to accommodate shortening the standard settlement cycle to T+2.''); Securities Exchange Act Release No. 96930 (February 15, 2023), 88 FR 13872, 13873 (March 6, 2023) (''SEC T+1 Adopting Release'') (citing Securities Exchange Act Release No. 94196 (February 9, 2022), 87 FR 10436 (February 24, 2022) (''SEC T+1 Proposing Release'').

10 *See* SEC T+1 Adopting Release at 13926, 13936.

11 *See* SEC T+1 Adopting Release at 13873 n.9.

12 *See* SEC T+1 Proposing Release at 10471.

13 *See* SEC T+2 Adopting Release at 15572.

14 *See* 17 CFR 240.15c6–2(a)(1)–(2).

15 *See* 17 CFR 240.15c6–2(b)(5).

16 *See* 17 CFR 240.17Ad–27.

17 *See* SEC T+1 Adopting Release at 13899.

18 *See* 15 U.S.C. 80b–6. *See* Investment Advisers Act Release No. 5248 (June 5, 2019), 84 FR 33669, 33669 (July 12, 2019) (Commission Interpretation Regarding Standard of Conduct for Investment Advisers).

19 *See* SEC Division of Examinations, *Fiscal Year 2026: Examination Priorities* 9 (November 17, 2025), *https://www.sec.gov/files/2026-exam-priorities.pdf.* The report notes allocation practices as a priority examination item for 2026.

20 *See* 15 U.S.C. 78s(b)(2).

21 *See* 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–106262; File No. SR–TXSE–2026–025]

Self-Regulatory Organizations; Texas Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Permit the Exchange To Conduct Opening and Closing Auctions in UTP Securities Designated by the Exchange

September 2, 2026.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the ''Act''),[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on August 31, 2026, Texas Stock Exchange LLC (the ''Exchange'' or ''TXSE'') filed with the Securities and Exchange Commission (''Commission'') a proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange is filing with the Securities and Exchange Commission (''Commission'') a proposed rule change to amend its rules to permit the Exchange to conduct its Opening Auction and its Closing Auction in UTP Securities designated by the Exchange in its discretion for the applicable auction. The text of the proposed rule change is available on the Commission's website (*https://www.sec.gov/rules/sro.shtml*) at the Exchange's website (*https://www.txse.com/regulations/rules-filings*), 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 parts of such statements.

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

[2] 17 CFR 240.19b–4.

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

1. Purpose

The Exchange proposes to amend Rules 11.006, 11.022, and 11.023 to permit the Exchange to conduct an Opening Auction at 9:30 a.m. ET and a Closing Auction at 4:00 p.m. ET in UTP securities [3] designated by the Exchange in its discretion for the applicable auction. Current Exchange Rules provide that the Exchange will only conduct Opening and Closing Auctions in TXSE-Listed Securities [4] and that non-TXSE Listed Securities will start trading on the Exchange subject to an Opening Process. The Exchange is making this proposed rule change in order to allow it to conduct auctions in certain UTP securities that are not currently listed on the Exchange. This proposal is substantially similar to the existing functionality of NYSE Arca, Inc. (''Arca''). The Exchange is not proposing to allow for IPO, Halt, or Volatility Closing Auctions in UTP securities.

Conducting Opening and Closing Auctions in Auction-Eligible Securities

The Exchange therefore proposes to amend Rule 11.022(b)(2) to provide that it will conduct an Opening Auction for all Auction-Eligible Securities [5] and Rule 11.022(c)(2) to provide that it will conduct a Closing Auction for all Auction-Eligible Securities. A UTP security designated by the Exchange for the Opening Auction, the Closing Auction, or both would participate in the Exchange's existing scheduled auction or auctions for which it is designated, meaning at 9:30 a.m. ET for the Opening Auction and at 4:00 p.m. ET for the Closing Auction.[6]

[3] As provided in Rule 1.005(oo), the term ''UTP security'' ''UTP security'' is a security that is not listed on the Exchange but is traded on the Exchange pursuant to unlisted trading privileges.

[4] *See* Rule 11.022(b)(2) and (c)(2).

[5] As provided in proposed new Rule 11.022(a)(28), the term ''Auction-Eligible Security'' means all TXSE-Listed Securities and UTP securities designated by the Exchange for the applicable auction.

[6] The proposal would not alter the times at which auction orders may be entered or cancelled, or the Exchange's dissemination of information related to the auctions and the Exchange's existing price collars, price-determination procedures, order-ranking and allocation rules, order types, handling of unexecuted interest, and transition to continuous trading would apply to a designated UTP security in the same manner as they apply to a TXSE-Listed Security. *See* TXSE Rule 11.022(b)(1) and (c)(1) and 11.022(b)(2)(A)–(C) and (c)(2)(A)–(C).

Official Prices and Reference Prices

Under Rule 11.022(a)(5), the TXSE Official Opening Price is the price disseminated to the consolidated tape as the market center opening trade. Accordingly, under the proposal, if an Opening Auction in a designated UTP security results in an execution, the Opening Auction price would be the TXSE Official Opening Price for TXSE as a market center. With respect to a designate UTP security, that price would not displace or alter the official opening price established by the security's primary listing market.

Similarly, Rule 11.022(a)(3) defines the TXSE Official Closing Price as the price disseminated to the consolidated tape as the market center closing trade. The Exchange therefore proposes conforming changes to Rule 11.022(c)(2)(B) so that the Closing Auction price and existing closing-price fallbacks apply to each Auction-Eligible Security. A TXSE Official Closing Price established for a UTP security would be TXSE's market-center closing price and would not displace or alter the official closing price established by the primary listing market.

The Exchange also proposes to amend the definition of ''Final Last Sale Eligible Trade'' in Rule 11.022(a)(9) to account for Auction-Eligible Securities. If there is no qualifying trade for the current day, the prior trading day's TXSE Official Closing Price would continue to be used for a TXSE-Listed Security. For a UTP security, however, the official closing price disseminated by the primary listing market for the prior trading day would be used. This distinction follows the Arca approach of using a market-center auction close for a UTP security as its official closing price while using the primary listing market's official close for specified reference-price purposes.[7]

Auction-Eligible Securities

The Exchange proposes to add paragraph (a)(28) to Rule 11.022 to define an ''Auction-Eligible Security,'' for purposes of the Opening Auction and Closing Auction, as all TXSE-Listed Securities and UTP securities designated by the Exchange for the applicable auction.[8] The Exchange

[7] *See* Securities Exchange Act Release No. 78357 (July 19, 2016), 81 FR 48484, 48485–86 (July 25, 2016) (SR–NYSEArca–2016–94) (describing NYSE Arca's use of a market-center official closing price for an Auction-Eligible UTP security and the primary listing market's official closing price for specified reference-price purposes).

[8] The proposed definition is based on the NYSE Arca auction framework, under which auction eligibility for auctions includes securities for which NYSE Arca is the primary listing market and UTP

would provide reasonable advance notice to Members of the UTP securities designated for the Opening Auction, the Closing Auction, or both, and of additions to or removals from those designations, through a circular or other publicly available notice, consistent with the practice of NYSE Arca.[9]

Conforming Changes

Rule 11.006(o)(5) describes the Exchange processes included in the operation of a Regular Hours Only Order. The Exchange proposes to make conforming changes to the Rule so that it refers to the Opening Auction and Closing Auction for Auction-Eligible Securities, IPO/Halt Auctions for TXSE-Listed Securities, and the Rule 11.023 Opening Process for non-TXSE-Listed Securities that have not been designated for the Opening Auction.

The Exchange also proposes to amend Rule 11.023(a) to make clear that a non-TXSE-Listed Security that has not been designated as an Auction-Eligible Security for the Opening Auction would be subject to the Opening Process for Non-TXSE-Listed Securities provided in the Rule. In addition, the Exchange is proposing to change the title of Rule 11.023 to ''Opening Process for Non-Auction Eligible Securities.

The Exchange is also proposing to make a conforming change to Rule 11.022(e) related to the Volatility Closing Auction in order to make clear that the Volatility Closing Auction would continue to only be available for TXSE-Listed Securities. In addition, Rule 11.022(g) already provides that the Exchange's single-priced Opening Auction and Closing Auction transactions qualify for the exception from Rule 611 of Regulation NMS set forth in Rule 611(b)(3). That provision would apply to an Opening Auction or Closing Auction in a designated UTP security without a separate change to Rule 11.022(g).[10]

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Act and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.[11] Specifically, the Exchange believes the proposed rule change is consistent with the objectives of Section 6(b)(5)[12] 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) requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

Specifically, the proposal would be consistent with the Act by allowing the Exchange to make its existing scheduled Opening Auction and Closing Auction processes available for designated UTP securities. Members would gain an additional venue for price discovery and single-price executions in those securities. Participation would remain voluntary, and all Members would have access to the same auction order types, information, pricing protections, and allocation procedures.

The proposal is designed to protect investors and the public interest because the Exchange would use the auction safeguards already contained in Rule 11.022. The proposal would not alter the Exchange's auction collars, priority rules, or disseminated information. It also would preserve the primary listing market's official opening and closing prices and would use the primary listing market's prior official close for a UTP security when a prior-day reference price is required.

The Commission previously approved NYSE Arca's authority to designate UTP securities as Auction-Eligible Securities for specified auctions. In approving that authority, the Commission considered NYSE Arca's explanation that allowing the Exchange to conduct auctions in designated UTP securities could enhance market resiliency by providing an additional auction venue if a primary listing market or other market were unable to conduct an auction. The proposed rule change would permit the Exchange to apply its existing scheduled Opening Auction and Closing Auction processes to designated UTP securities which will enhance market resiliency, while preserving the primary listing market's official opening and closing prices.[13]

The Exchange believes that the proposal is also not unfairly discriminatory. All TXSE-Listed Securities would remain Auction-Eligible Securities. The Exchange would provide reasonable advance public notice of its UTP security designations and any changes to them.

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. To the contrary, the proposal would enhance intermarket competition by permitting the Exchange to offer scheduled auction functionality in designated UTP securities in a manner substantially similar to NYSE Arca. The proposal would not restrict the ability of any other exchange to conduct an auction, would not require an issuer or Member to participate in a TXSE auction, and would not affect the primary listing market's authority to establish its official opening and closing prices.

The proposal would not impose an inappropriate burden on intramarket competition because the same eligibility, order-entry, pricing, priority, allocation, and execution rules would apply to all Members participating in an auction. The Exchange would announce the designated UTP securities and applicable auction types in advance so that all Members could prepare for and participate in the functionality on equal terms.

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 written 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)(iii)[14] of the Act and Rule 19b–4(f)(6)[15] thereunder in that it

securities designated by NYSE Arca. *See* Securities Exchange Act Release No. 76869 (January 11, 2016), 81 FR 2276 (January 15, 2016) (SR–NYSEArca–2015–86) (''Arca Approval Order''); *see* also NYSE Arca Rule 7.35–E(a)(1).

[9] *See* Arca Approval Order, 81 FR at 2278 n.26 and 2288 (describing NYSE Arca's representation that it would provide prior notice to ETP Holders if additional UTP securities were designated as Auction-Eligible Securities).

[10] *See* TXSE Rule 11.022(g); 17 CFR 242.611(b)(3).

[11] 15 U.S.C. 78f(b).

[12] 15 U.S.C. 78f(b)(5).

[13] *See* NYSE Arca Rule 7.35–E(a)(1) and Arca Approval Order at 2283–84.

[14] 15 U.S.C. 78s(b)(3)(A)(iii).

[15] 17 CFR 240.19b–4(f)(6). 17 CFR 240.19b–4(f)(6). In addition, Rule 19b–4(f)(6)(iii) requires the Exchange to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such

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effects a change that: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.

A proposed rule change filed under Rule 19b–4(f)(6) normally does not become operative prior to 30 days after the date of filing. However, Rule 19b–4(f)(6)(iii),[16] permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay. The Exchange states that waiver of the operative delay would permit the Exchange to implement the functionality promptly, after providing reasonable advance notice of the designated securities, and to compete on equal terms with an exchange that already has substantially similar authority. For the foregoing reasons, the Commission finds that waiver of the operative delay is consistent with the protection of investors and the public interest. Accordingly, the Commission hereby waives the operative delay and designates the proposal operative upon filing.[17]

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 proposal 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 No. SR–TXSE–2026–025 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 No. SR–TXSE–2026–025. 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–TXSE–2026–025 and should be submitted on or before September 29, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[18]

Sherry R. Haywood,

Assistant Secretary.

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shorter time as designated by the Commission. The Exchange has satisfied this requirement.

[16] 17 CFR 240.19b–4(f)(6)(iii).

[17] For purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

[18] 17 CFR 200.30–3(a)(12), (59).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–106263; File No. SR–ICC–2026–006]

Self-Regulatory Organizations; ICE Clear Credit LLC; Order Approving Proposed Rule Change Relating to the Risk Management Model Description for the CDS Clearing Service

September 2, 2026.

I. Introduction

On July 6, 2026, ICE Clear Credit LLC (''ICC'') filed with the Securities and Exchange Commission (the ''Commission''), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the ''Act'')[1] and Rule 19b–4 thereunder,[2] a proposed rule change (hereafter, ''Proposed Rule Change'') to revise the ICC Risk Management Model Description for the CDS Clearing Service. The Proposed Rule Change was published for comment in the **Federal Register** on July 21, 2026.[3] The Commission has not received comments regarding the Proposed Rule Change. For the reasons discussed below, the Commission is approving the Proposed Rule Change.

II. Description of the Proposed Rule Change

ICC is registered with the Commission as a clearing agency for the purpose of clearing Credit Default Swap (''CDS'') contracts.[4] ICC maintains a Risk Management Model Description that describes ICC's quantitative risk models and the associated methods and techniques that ICC uses to determine its Initial Margin (''IM'') and guaranty fund requirements and documents key aspects of its risk management methodology. The Proposed Rule Change would amend the Risk Management Model Description to enhance ICC's contagion risk methodology and update certain references to publicly available sources of information. The Proposed Rule Change would not require changes to the ICC CDS Clearing Rules.

A. Contagion Risk Methodology Enhancement

ICC proposes to enhance the contagion-risk methodology within the Jump-to-Default (''JTD'') component of its risk management model. The JTD component is one component of the IM requirement that ICC calculates for each Clearing Participant (''CP'') portfolio. This component accounts for potential losses arising from credit events involving single-name reference entities for which a CP has sold or purchased protection.

The JTD component includes three considerations.[5] First, wrong-way-risk (''WWR'') consideration accounts for potential losses under stressed market conditions when a CP and certain single-name Risk Factors[6] are strongly

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

[2] 17 CFR 240.19b–4.

[3] Self-Regulatory Organizations; ICE Clear Credit LLC; Notice of Filing of Proposed Rule Change to the Risk Management Model Description for the CDS Clearing Service; Securities Exchange Act Release No. 34–105931 (July 16, 2026), 91 FR 45843 (July 21, 2026) (SR–ICC–2026–006) (''Notice'').

[4] Capitalized terms not otherwise defined herein have the meanings assigned to them in ICC Rules and the Risk Management Model Description, as applicable.

[5] Notice, 91 FR at 45844.

[6] ICC considers every CDS index, sub-index, or underlying single name to be a Risk Factor.

positively correlated. Second, the contagion-risk consideration captures the accumulation of the remaining exposures associated with such single-name Risk Factors across the portfolio. Third, the idiosyncratic JTD consideration accounts for credit events associated with individual single-name Risk Factors.

The current risk management methodology incorporates idiosyncratic credit events and the potential losses associated with those events. These potential losses are referred to as Loss Given Default (''LGD''). ICC calculates LGD at the Risk Factor Group (''RFG'') [7] level by applying a single-name-specific set of recovery rates to the single-name positions that would result in a loss upon the occurrence of a credit event.

ICC proposes to introduce the concept of Profit Given Default (''PGD'') into the Risk Management Model Description. PGD is designed to recognize potential gains arising from applicable offsetting positions within a CP's portfolio during stressed market conditions. According to ICC, recognizing these gains would provide portfolio benefits, including reduced risk requirements, when a CP maintains applicable offsetting positions. ICC states that this treatment would also encourage CPs to clear offsetting positions to hedge and diversify their exposures to single-name Risk Factors that are strongly positively correlated to the CP under stressed market conditions.[8]

ICC would calculate PGD for an RFG as the greater of zero or the sum of the Profit/LGD calculations for each Risk Factor within that RFG. Accordingly, PGD could not be negative and would reflect either potential offsetting gains or zero. ICC would also revise the methodology to permit the PGD calculated at the RFG level to be attributed to each Risk Factor within the RFG and to address circumstances in which an RFG contains only one Risk Factor.

ICC would incorporate PGD into its portfolio-level contagion-risk analysis. Specifically, the proposed amendments would incorporate PGD at the Risk Factor level into the contagion-risk calculation that captures the accumulation of uncollateralized LGD associated with Risk Factors generating general WWR.[9] According to ICC, incorporating PGD would provide a more capital-efficient approach to measuring accumulated exposures involving a CP and single-name Risk Factors that exhibit a strong positive correlation during stressed market conditions.[10] ICC states that the proposed change would provide portfolio benefits that incentivize CPs to hedge their WWR exposures while allowing ICC to continue applying conservative approach to managing directional WWR exposures.[11]

In the Notice, ICC described its analysis of the effect of the Proposed Rule Change on CPs' total requirements, including IM and Guaranty Fund requirements. According to ICC, its analysis demonstrated a very small average effect across CPs. ICC states, however, that an individual CP could experience a reduction in its total requirements depending on its cleared positions and the extent to which applicable offsetting positions are present.[12]

B. Additional Changes

ICC also proposes to update certain references in the Risk Management Model Description to publicly available sources of information. Currently, Section IV.2 of the Risk Management Model Description refers to a proprietary classification system that ICC uses to categorize cleared single-name Risk Factors in the banking sector and assign their country of domicile.

Under the Proposed Rule Change, ICC would use the publicly available list of Global Systemically Important Banks to categorize cleared single-name Risk Factors in the banking sector. ICC would also use the publicly available Global Legal Entity Identifier Foundation system to determine the country of domicile of applicable single-name Risk Factors. ICC further would add a clarifying footnote explaining how sovereign single name Risk Factors are mapped to the ultimate parent's country of domicile.

ICC states that these changes would not alter its underlying risk methodology, which would continue to apply to cleared single-name Risk Factors with strong positive correlations involving CPs in the sovereign and banking sectors.[13] According to ICC, replacing the proprietary references with publicly available sources would provide additional transparency because those sources are globally recognized and publicly available.[14]

III. Discussion and Commission Findings

Section 19(b)(2)(C) of the Act directs the Commission to approve a proposed rule change of a self-regulatory organization if it finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to such organization.[15] Under the Commission's Rules of Practice, the ''burden to demonstrate that a proposed rule change is consistent with the Act and the rules and regulations issued thereunder . . . is on the self-regulatory organization ['SRO'] that proposed the rule change.'' [16]

The description of a proposed rule change, its purpose and operation, its effect, and a legal analysis of its consistency with applicable requirements must all be sufficiently detailed and specific to support an affirmative Commission finding,[17] and any failure of an SRO to provide this information may result in the Commission not having a sufficient basis to make an affirmative finding that a proposed rule change is consistent with the Act and the applicable rules and regulations.[18] Moreover, ''unquestioning reliance'' on an SRO's representations in a proposed rule change is not sufficient to justify Commission approval of a proposed rule change.[19]

After carefully considering the Proposed Rule Change, the Commission finds that the Proposed Rule Change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to ICC. More specifically, for the reasons discussed below, the Proposed Rule Change is consistent with Section 17A(b)(3)(F) of the Act [20] and Rule 17Ad–22(e)(6)(i) [21] thereunder.

A. Consistency With Section 17A(b)(3)(F) of the Act

Section 17A(b)(3)(F) of the Act requires, among other things, that the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions and, to the extent applicable, derivative agreements, contracts, transactions; to assure the safeguarding of securities and funds in

[7] A set of single name Risk Factors related by a common parental ownership structure are considered an RFG. Notice, 91 FR at 45844.

[8] Notice, 91 FR at 45844.

[9] *Id.*

[10] Notice, 91 FR at 45844.

[11] *Id.*

[12] *Id.* ICC also included a summary of this analysis as a confidential Exhibit 3 to the filing.

[13] Notice, 91 FR at 45844.

[14] *Id.*

[15] 15 U.S.C. 78s(b)(2)(C).

[16] Rule 700(b)(3), Commission Rules of Practice, 17 CFR 201.700(b)(3).

[17] *Id.*

[18] *Id.*

[19] *Susquehanna Int'l Group, LLP* v. *Securities and Exchange Commission,* 866 F.3d 442, 447 (D.C. Cir. 2017) (''Susquehanna'').

[20] 15 U.S.C. 78q–1(b)(3)(F).

[21] 17 CFR 240.17ad–22(e)(6)(i).

the custody or control of the clearing agency or for which it is responsible; and to protect investors and the public interest.[22]

As discussed above in Part II.A, ICC proposes to incorporate PGD into its contagion-risk methodology. The proposed methodology would recognize potential gains associated with applicable offsetting positions while continuing to account for potential losses and directional WWR exposures. It would also continue to measure the accumulation of exposures involving a CP and single-name Risk Factors that exhibit strong positive correlations during stressed market conditions.

By accounting for both potential losses and potential gains associated with applicable offsetting positions, the Proposed Rule Change is designed to support ICC's measurement of its risks arising from CP portfolios. Managing such risks supports ICC's ability to maintain adequate financial resources and continue providing clearance and settlement services in the event of a CP default.

The Commission also considered ICC's analysis of the Proposed Rule Change's effect on CPs' total IM and Guaranty Fund requirements.[23] The analysis demonstrated a very small average effect across CPs, although an individual CP could experience a reduction in its total requirements depending on its cleared positions and applicable offsetting positions. These results support ICC's determination that the proposed change would recognize the risk-reducing effect of applicable offsetting positions while allowing ICC to continue applying a conservative approach to directional WWR exposures.

Accordingly, the Commission believes that the changes described in Part II.A are designed to promote the prompt and accurate clearance and settlement of securities transactions and to assure the safeguarding of securities and funds in ICC's custody or control or for which it is responsible.

As described in Part II.B, the Proposed Rule Change would also replace certain references to proprietary classifications with references to publicly available information. These changes would provide additional transparency regarding the sources ICC uses to categorize banking-sector Risk Factors and determine country of domicile without altering the underlying risk methodology. The Commission believes that providing greater transparency regarding these sources would allow CPs and other interested parties to better understand ICC's Risk Management Model Description and thereby help protect investors and the public interest.

For the reasons stated above, the Commission finds that the Proposed Rule Change is consistent with Section 17A(b)(3)(F) of the Act.[24]

B. Consistency with Rule 17 ad-22(e)(6)(i) Under the Act

Rule 17Ad–22(e)(6)(i) requires each covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to, as applicable, cover, if the covered clearing agency provides central counterparty services, its credit exposures to its participants by establishing a risk-based margin system. The rule requires that such risk-based margin system, at a minimum, consider and produce margin levels commensurate with the risks and particular attributes of each relevant product, portfolio, and market.[25]

As discussed above in Part II.A, the Proposed Rule Change would modify ICC's initial margin methodology by incorporating PGD into its calculation of accumulated exposures involving CP and single-name Risk Factors that exhibit strong positive correlations during stressed market conditions. Specifically, the proposed methodology would credit a CP with potential gains associated with a reference entity's default when ICC determines the CP's initial margin requirement. Accounting for these potential gains would enable ICC's initial margin methodology to consider the particular risk characteristics of the relevant products and portfolios and to produce initial margin requirements commensurate with those risks.

For these reasons, the Commission finds the Proposed Rule Change is consistent with Rule 17Ad–22(e)(6)(i).[26]

IV. Conclusion

On the basis of the foregoing, the Commission finds that the proposed rule change is consistent with the requirements of the Act, and in particular, with the requirements of Section 17A(b)(3)(F) of the Act[27] and Rule 17Ad–22(e)(6)(i)[28] thereunder.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act[29] that the proposed rule change (SR–ICC–2026–006) be, and hereby is, approved.[30]

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[31]

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2026–18210 Filed 9–4–26; 8:45 am]

BILLING CODE 8011–01–P

[22] 15 U.S.C. 78q–1(b)(3)(F).

[23] ICC included a summary of this analysis as a confidential Exhibit 3 to the filing.

[24] *Id.*

[25] 17 CFR 240.17ad–22(e)(6)(i).

[26] Id.

[27] 15 U.S.C. 78q–1(b)(3)(F).

[28] 17 CFR 240.17ad–22(e)(6)(i).

[29] 15 U.S.C. 78s(b)(2).

[30] In approving the proposed rule change, the Commission considered the proposal's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

[31] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–106260; File No. SR–TXSE–2026–026]

Self-Regulatory Organizations; Texas Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Implement a Lead Market Maker Program on the Exchange

September 2, 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 September 1, 2026, Texas Stock Exchange LLC (the ''Exchange'' or ''TXSE'') 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 is filing with the Securities and Exchange Commission (''Commission'') a proposed rule change to implement an LMM Program on the Exchange. The text of the proposed rule change is available on the Commission's website (*https://www.sec.gov/rules/sro.shtml*) at the Exchange's website (*https://www.txse.com/regulations/rules-filings*), 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

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

[2] 17 CFR 240.19b–4.

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 parts of such statements.

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

1. Purpose

The Exchange proposes to adopt rules related to its Lead Market Maker Program under Rule 11.024, which is currently reserved. The proposed rules are substantively very similar to the equivalent rules of another exchange.[3]

Proposed Rule 11.024 would provide the framework for an LMM Program designed to encourage selected registered Market Makers[4] to make additional, measurable market-quality commitments in exchange-traded products (''ETPs'') listed by TXSE. The proposal establishes the program's governance and participation framework. LMM incentives and performance thresholds and objective Minimum Performance Standards will be set forth in a separate filing before the program is implemented.

Definitions

Proposed Rule 11.024(a) would define an ''ETP'' as a security listed pursuant to Chapter 17. An ''LMM'' would be a Market Maker registered with the Exchange for a particular LMM Security that has committed to maintain the applicable Minimum Performance Standards. An ''LMM Security'' would be an ETP that has an LMM. ''Minimum Performance Standards'' would mean a set of standards applicable to an LMM that may be determined from time to time by the Exchange. Such standards will vary between LMM Securities depending on the applicable listing tier, liquidity, and volatility of the LMM Security in which the LMM is registered. The Minimum Performance Standards are memorialized in the Exchange's fee schedule.

Lead Market Makers

Under proposed Rule 11.024(b)(1), the Exchange would select LMMs using factors including experience making markets in the applicable security type, adequacy of capital, willingness to promote the Exchange as a marketplace, issuer preference, operational capacity, support personnel, and adherence to Exchange rules and the federal securities laws. These are non-exclusive factors and no single factor would be dispositive. The Exchange would apply the factors in a manner consistent with the Act and the Exchange's rules. Proposed Rule 11.024(b)(2) would permit the Exchange to limit the number of LMMs in a security and to modify a previously established limit upon prior written notice to Members.

Minimum Performance Standards are provided in the Exchange's fee schedule and any applicable fees and rebates will be calculated based on the Exchange's fee schedule. If an LMM fails the Minimum Performance Standards for two consecutive months, the LMM would be subject, in the Exchange's discretion, to forfeiture of its LMM status in that LMM Security. For purposes of the proposed rule, failure of the Minimum Performance Standards occurs when an LMM fails to meet at least half of the applicable Minimum Performance Standards for a calendar month. The two-consecutive-month standard is shorter than the three-out-of-four-month standard in the original BATS program and is intended to prevent a persistently underperforming LMM from retaining a preferred designation.

An LMM seeking to withdraw from an LMM Security would provide 30 days' written notice, unless it is also withdrawing its Market Maker registration in the security. This separate notice period is designed to allow the Exchange to manage reassignment and reduce the risk of a gap in LMM coverage, while existing Rule 11.017 would continue to govern withdrawal of the underlying Market Maker security registration.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act, in general, and furthers the objectives of Section 6(b)(5) of the Act, in particular, in that it is designed to promote just and equitable principles of trade, remove impediments to and perfect the mechanism of a free and open market and a national market system, protect investors and the public interest, and avoid unfair discrimination among customers, issuers, brokers, and dealers.

The proposed LMM Program is designed to improve quoting and displayed liquidity in TXSE-listed ETPs by linking any LMM pricing benefit to measurable standards that will be publicly filed. Registration as a Market Maker is available to Members satisfying the Exchange's existing qualification requirements, and eligible Market Makers may become an LMM and seek LMM assignments. The selection factors are reasonably related to the ability to make markets reliably and comply with regulatory obligations. These are non-exclusive factors and no single factor would be dispositive.

The proposal also includes safeguards against preferential treatment without performance. An LMM that fails the Minimum Performance Standards for two months may result in loss of LMM status. The 30-day withdrawal notice requirement supports continuity in liquidity provisioning on the Exchange. The separate fee filing will address the reasonable and equitable allocation of any LMM fees, credits, or rebates and will specify the performance measures needed to evaluate whether an LMM qualifies for those economics.

For these reasons, the Exchange believes that the proposed changes do not raise any new or novel material issues that have not already been considered by the Commission in connection with the LMM Program offered by the Exchange and comparable liquidity provisioning programs on other national securities exchanges.

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

The Exchange does not believe that the proposal will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. To the contrary, the proposal is a competitive response to similar programs on other exchanges. Any Member that satisfies the Exchange's Market Maker requirements may seek an LMM assignment. The Exchange will select LMMs using disclosed factors tied to capacity, experience, compliance, issuer preference, and the needs of the market. Although the Exchange may limit the number of LMMs in a security, a limit is reasonably designed to maintain meaningful responsibility and will be subject to prior written notice. The applicable Minimum Performance Standards and economics will be filed publicly and will apply on the same terms to similarly situated LMMs.

The Exchange does not believe the proposal will impose an unnecessary or

[3] *See* Cboe BZX Exchange, Inc. Rule 11.8(e). *See* Securities Exchange Act Release No. 72020 (Apr. 25, 2014), 79 FR 24807 (May 1, 2014) (SR–BATS–2014–015) (the ''BATS Filing'').

[4] As defined in Rule 16.002(a)(15), the term ''Market Maker'' means a dealer that, with respect to a security, holds itself out (by entering quotations into the Exchange) as being willing to buy and sell such security for its own account on a regular and continuous basis and that is registered as such.

inappropriate burden on intermarket competition. The proposal is a competitive response to liquidity provisioning programs at other listing exchanges and is designed to improve TXSE's ability to compete for ETP listings and order flow. Competing exchanges may maintain or adopt comparable programs. To the extent the proposal improves market quality in TXSE-listed ETPs, the resulting competition among listing venues may benefit issuers and investors.

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 written comments on the proposed rule change.

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

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act [5] and subparagraph (f)(6) of Rule 19b–4 thereunder.[6]

A proposed rule change filed under Rule 19b–4(f)(6) [7] normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b 4(f)(6)(iii),[8] 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 proposal may become operative upon filing. The Exchange notes that the upcoming launch of its ETP listing business and the associated LMM Program are widely known to be occurring among the industry and market maker community and that participation in the LMM Program is open to all Members. The Exchange states that waiver of the 30-day operative delay would allow the Exchange to adopt its LMM Program and to submit the associated fee filing as soon as possible, allowing the Exchange to have the LMM Program in place for the launch of its ETP listing business in September. In addition, the proposed rule change is substantively similar to the rules of another national securities exchange.[9] For these foregoing reasons the Commission believes that waiver of the operative delay is consistent with the protection of investors and the public interest. Accordingly, the Commission hereby waives the 30-day operative delay and designates the proposed rule change operative upon filing.[10]

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend the rule change if it appears to the Commission that the action is necessary or appropriate in the public interest, for the protection of investors, or would otherwise further the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

• Use the Commission's internet comment form (*https://www.sec.gov/rules/sro.shtml*); or

• Send an email to *rule-comments@sec.gov.* Please include file number SR–TXSE–2026–026 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–TXSE–2026–026. 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–TXSE–2026–026 and should be submitted on or before September 29, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[11]

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2026–18207 Filed 9–4–26; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[OMB Control No. 3235–0618]

Agency Information Collection Activities; Proposed Collection; Comment Request; Extension: Rule 173

Upon Written Request, Copies Available From: Securities and Exchange Commission, Office of FOIA Services, 100 F Street NE, Washington, DC 20549–2736.

Notice is hereby given that, pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*), the Securities and Exchange Commission (''Commission'') is soliciting comments on the collection of information summarized below. The Commission plans to submit this existing collection of information to the Office of Management and Budget for extension and approval.

Rule 173 (17 CFR 230.173) provides a notice of registration to investors who purchased securities in a registered offering under the Securities Act of 1933 (15 U.S.C. 77a *et seq.*). Rule 173 is intended to inform investors that they purchased securities in a registered transaction to facilitate their ability to trace their purchases for purposes of asserting their rights under the liability provisions of the Federal securities laws. We estimate that responses to Rule 173 are made by approximately 5,720 respondents approximately 43,546 times a year for a total of 249,083,120 responses annually. We estimate that it takes approximately 0.0167 burden hours per response and $0 cost burden per response to provide the information required under Rule 173. As a result, we

[5] 15 U.S.C. 78s(b)(3)(A)(iii).

[6] 17 CFR 240.19b–4(f)(6). In addition, Rule 19b–4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

[7] 17 CFR 240.19b–4(f)(6).

[8] 17 CFR 240.19b–4(f)(6)(iii).

[9] *See supra* note 3.

[10] For purposes only of waiver 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).

[11] 17 CFR 200.30–3(a)(12).

estimate that the total annual reporting burden for Rule 173 is 4,159,688 hours (0.0167 hours per response × 249,083,120 responses) and that the total annual cost burden is $0.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

Written comments are invited on: (a) whether this proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility; (b) the accuracy of the agency's estimate of the burden imposed by the collection of information; (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 respondents, including through the use of automated collection techniques or other forms of information technology.

Please direct your written comments on this 60-Day Collection Notice to Austin Gerig, Director/Chief Data Officer, Securities and Exchange Commission, c/o Tanya Ruttenberg via email to *PaperworkReductionAct@sec.gov* by November 9, 2026.

Dated: September 3, 2026.

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2026–18256 Filed 9–4–26; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

Sunshine Act Meetings

TIME AND DATE: Notice is hereby given, pursuant to the provisions of the Government in the Sunshine Act, Public Law 94–409, that the Securities and Exchange Commission Investor Advisory Committee will hold a public meeting on Thursday, September 10, 2026. The meeting will begin at 10 a.m. (ET) and will be open to the public.

PLACE: The meeting will be conducted in-person at 100 F Street NE, Washington, DC 20549 in the Multipurpose Room, and by remote means. Members of the public may attend in-person or watch the webcast of the meeting on the Commission's website at *www.sec.gov.*

STATUS: This meeting will be open to the public.

MATTERS TO BE CONSIDERED: The agenda for the meeting includes: welcome and opening remarks; approval of previous meeting minutes; a panel discussion regarding disclosure and artificial intelligence; a panel discussion regarding Regulation National Market System; subcommittee reports; and a non-public administrative session.

This Sunshine Act notice is being issued because a majority of the Commission may attend the meeting.

Public Comment: The public is invited to submit written statements to the Committee. Written statements should be received on or before September 9, 2026.

Written statements may be submitted by any of the following methods:

Electronic Statements

- Use the Commission's internet submission form (*https://www.sec.gov/comments/265-28/investor-advisory-committee-meeting*); or
- Send an email message to *rules-comments@sec.gov.* Please include File No. 265–28 on the subject line; or

Paper Statements

- Send paper statements to Vanessa A. Countryman, Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549–1090.

All submissions should refer to File No. 265–28. This file number should be included on the subject line if email is used. To help us process and review your statement more efficiently, please use only one method.

The Commission will post all statements on the Commission's website. Do not include personal 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.

CONTACT PERSON FOR MORE INFORMATION: For further information, please contact Vanessa A. Countryman from the Office of the Secretary at (202) 551–5400.

Authority: 5 U.S.C. 552b.

Dated: September 3, 2026.

Vanessa A. Countryman,

Secretary.

[FR Doc. 2026–18262 Filed 9–3–26; 4:15 pm]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

Sunshine Act Meetings

TIME AND DATE: 2:00 p.m. on Thursday, September 10, 2026.

PLACE: The meeting will be held via remote means and at the Commission's headquarters, 100 F Street NE, Washington, DC 20549.

STATUS: This meeting will be closed to the public.

MATTERS TO BE CONSIDERED: Commissioners, Counsel to the Commissioners, the Secretary to the Commission, and recording secretaries will attend the closed meeting. Certain staff members who have an interest in the matters also may be present.

In the event that the time, date, or location of this meeting changes, an announcement of the change, along with the new time, date, and/or place of the meeting will be posted on the Commission's website at *https://www.sec.gov.*

The General Counsel of the Commission, or his designee, has certified that, in his opinion, one or more of the exemptions set forth in 5 U.S.C. 552b(c)(3), (5), (6), (7), (8), 9(B) and (10) and 17 CFR 200.402(a)(3), (a)(5), (a)(6), (a)(7), (a)(8), (a)(9)(ii) and (a)(10), permit consideration of the scheduled matters at the closed meeting.

The subject matter of the closed meeting will consist of the following topics:

Institution and settlement of injunctive actions;
Institution and settlement of administrative proceedings;
Resolution of litigation claims; and
Other matters relating to examinations and enforcement proceedings.

At times, changes in Commission priorities require alterations in the scheduling of meeting agenda items that may consist of adjudicatory, examination, litigation, or regulatory matters.

CONTACT PERSON FOR MORE INFORMATION: For further information, please contact Vanessa A. Countryman from the Office of the Secretary at (202) 551–5400.

Authority: 5 U.S.C. 552b.

Dated: September 3, 2026.

Vanessa A. Countryman,

Secretary.

[FR Doc. 2026–18257 Filed 9–3–26; 4:15 pm]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–106264; File No. SR–OCC–2026–009]

Self-Regulatory Organizations; The Options Clearing Corporation; Notice of Filing of Proposed Rule Change by The Options Clearing Corporation Concerning Amendments to Its Clearing Membership Standards

September 2, 2026.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934

("Exchange Act" or "Act"),[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on August 19, 2026, The Options Clearing Corporation ("OCC" or "Corporation") filed with the Securities and Exchange Commission ("Commission" or "SEC") the proposed rule change as described in Items I, II, and III below, which Items have been prepared primarily by OCC. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Clearing Agency's Statement of the Terms of Substance of the Proposed Rule Change

This proposed rule change would amend its clearing membership standards as outlined in OCC's Rules. The proposed changes to OCC's Rules are contained in Exhibit 5 to File No. SR–OCC–2026–009. Material proposed to be added is marked by underlining and material proposed to be deleted is marked with strikethrough text. All terms with initial capitalization that are not otherwise defined herein have the same meaning as set forth in the OCC By-Laws and Rules.[3]

II. Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, OCC 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. OCC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of these statements.

(A) Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

Background

OCC acts as the central counterparty clearing house ("CCP") for all U.S. options exchanges and certain U.S. futures exchanges. OCC provides clearing services for options on equities, indices, Exchange Traded Funds ("ETFs") and for certain transactions in futures and options on futures. Organizations become OCC Clearing Members to facilitate the clearing and settlement of their customer transactions or proprietary transactions through OCC. OCC also provides certain Clearing Members with the ability to submit stock loan transactions for novation, after which, OCC becomes the counterparty to both sides of the transactions, guaranteeing that these obligations will be fulfilled. In 2012, OCC was designated as a systemically important financial market utility ("SIFMU") by the Financial Stability Oversight Council pursuant to Title VIII of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ("Dodd-Frank Act"). With this designation came heightened regulatory expectations around financial, operational, and systems/data obligations. To keep pace with those expectations and ensure OCC continues to maintain a high level of market stability, OCC completed a review of its By-Laws and Rules in conjunction with changes in regulations and Clearing Member risk practices and processes. From this review, OCC modified its membership standards in a proposed rule filing approved by the Commission in 2023.[4] The modifications, among other things, (i) expanded OCC membership to new entity types and in additional jurisdictions and updated its membership requirements and associated processes, including on-boarding and off-boarding procedures, (ii) amended the financial responsibility standards by increasing the minimum capital requirements for Clearing Members, (iii) amended operational requirements for Clearing Members, and (iv) changed rules governing disciplinary actions. The proposed rule filing also reorganized and consolidated certain Clearing Member requirements to improve existing practices.

To build on the enhancements made to OCC's membership standards in 2023 and continue to align with industry best practices [5] and evolving technology,[6] OCC recently conducted an in-depth review of its membership standards with a strategic focus on mitigating counterparty credit risk introduced by Clearing Members. From this review, OCC determined it was necessary to further enhance certain Clearing Member requirements to improve OCC's risk mitigation processes and practices. OCC's proposed changes to its clearing membership standards address, in part, (i) new onboarding requirements for eligible applicants for clearing membership at OCC ("applicants"), (ii) risk mitigation requirements for existing Clearing Members and specifically for Clearing Members that OCC determines may present a heightened risk profile, (iii) factors or circumstances that may result in an applicant's denial of membership or a Clearing Member's suspension of membership, (iv) the expansion of delegated authority to the designated delegates or agents of the Risk Committee as it pertains to the approval or denial of applicants on a risk-based approach, and (v) the expansion of the use of protective measures that OCC may impose on an applicant or Clearing Member.

OCC's proposed changes will enhance OCC's risk mitigation processes and practices by requiring, in part, that applicants: (i) maintain a minimum operating history, (ii) maintain a physical office facility to conduct business with OCC, and (iii) provide, upon request by OCC, a business plan, assessed by an independent third-party, that demonstrates the applicant can meet and sustain financial and operational responsibility standards and financial obligations. Among other things, OCC's proposed changes also broaden the scope of required disclosures that applicants must provide during the onboarding process, such as information related to internal stress tests, credit agreements or audited financial statements. By proposing these changes, OCC is strengthening its holistic approach to reviewing and analyzing applicants that may present a heightened risk profile, which further mitigates counterparty credit risk. Additionally, OCC believes its proposed change that delegates certain authority to the designated delegates or agents of the Risk Committee will streamline the decision process and allow for applications and business expansion requests to be reviewed and acted upon in a shorter amount of time, providing a substantial benefit to the industry. OCC's proposed changes also clarify and expand upon the basis for denial of an

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

[2] 17 CFR 240.19b–4.

[3] OCC's By-Laws and Rules can be found on OCC's public website: *https://www.theocc.com/Company-Information/Documents-and-Archives/By-Laws-and-Rules*.

[4] *See* Order Granting Approval of Proposed Rule Change by the Options Clearing Corporation Concerning the Amendment of its Clearing Membership Standards, Exchange Act Release No. 97439 (May 5, 2023), 88 FR 30373 (May 11, 2023) (SR–OCC–2023–002) ("Clearing Membership Standards").

[5] *See* Bank for International Settlements, "Guidelines for Counterparty Credit Risk Management" (December2024) ISBN 978–92–9259–823–5; McKinsey& Company, "Moving from Crisis to Reform: Examining the State of Counterparty Credit Risk" October 27, 2023; FINRA Rules and Guidance for Funding & Liquidity *https://www.finra.org/rules-guidance/key-topics/funding-liquidity*.

[6] Evolving technology refers to trends or events driving technology changes in the financial services industry, including but not limited to: (i) an organization's increased reliance on technology to operate and deliver services, (ii) the adoption and use of digital banking services, and (iii) the rise in a remote work environment as more organizations allow their employees to work outside of a traditional office space.

applicant and the suspension of an existing Clearing Member, providing enhanced transparency to the industry. OCC's proposed changes address updated financial responsibility obligations for existing Clearing Members, which is intended to mitigate risk to OCC through the establishment of enhanced risk-based capital levels. Furthermore, OCC's proposed changes expand upon the use of protective measures, which will allow more assurance that OCC is able to protect itself and its members from emerging counterparty risks.

Overall, OCC believes these proposed changes will strengthen OCC's onboarding requirements and provide OCC with the appropriate resources to ensure that applicants onboarded as Clearing Members present an acceptable risk profile such that they are likely to continue to meet OCC's membership standards in the future. The proposed changes will also allow OCC to more effectively risk manage existing Clearing Members that may pose a heightened risk profile and take measures to reduce that risk.

While the membership standards that OCC proposes to change are described in further detail below, generally, they consist of the following:

- Amending eligibility standards by requiring applicants to maintain a minimum operating history of one year; [7]
- Amending admission procedures and conditions to admission to expand the delegation of authority to the Risk Committee's designated delegates or agents; [8]
- Amending admission procedures to codify the processes that OCC would undertake in hearings before the Risk Committee for appeals of certain protective measures, or in hearings on denials of Clearing Member applications or reapplications; [9]
- Adopting requirements for applicants and Clearing Members related to confidential treatment of non-public information; [10]
- Amending the conditions to admission to, among other things:[11]
  - Clarify and expand upon the basis for OCC's denial of membership;
  - Require more robust notification requirements from applicants that are subject to a formal investigation by a regulatory organization;
  - Restrict applicants that have been denied membership from reapplying for membership until the applicant has demonstrated, to OCC's satisfaction, that they have addressed the specific reason(s) for their denial;
  - Require certain applicants to provide OCC with a business plan demonstrating the applicant has a viable plan to meet and sustain financial and operational responsibility standards and financial obligations at OCC;
  - Incorporate a probationary period for certain applicants approved by OCC with contingencies to membership;
- Amending requirements such that applicants and Clearing Members are required to maintain a physical office facility to conduct business with OCC, unless an applicant or Clearing Member utilizes a remote office model that OCC determines does not present heightened risk to OCC; [12]
- Amending reporting requirements such that, upon OCC's request, an applicant or Clearing Member must furnish their parent or affiliate's audited financial statements to OCC; [13]
- Amending financial responsibility requirements by establishing risk-based minimum capital levels; [14]
- Amending operational capability obligations related to a Clearing Member's books and records; [15]
- Amending financial, operations, and risk management personnel requirements related to a Clearing Member's employment of individuals; [16]
- Amending event-based reporting requirements specific to Early Warning Notices; [17]
- Amending requirements related to OCC's ability to impose protective measures on Clearing Members or applicants; [18] and
- Clarifying and expanding upon the basis for OCC's suspension of an existing Clearing Member.[19]

The proposed rule change generally would reflect each of these changes in the Rules by modifying the provisions currently set forth in Chapter I, II, III XI and XII of the Rules. OCC's proposed changes also include various clarifying, non-substantive updates to its Rules, including formatting and grammatical changes, and updates to section numbering as necessary to reflect proposed rules. OCC's proposed changes are described in more detail below under the section headers reflecting the proposed new Rules.

1. Purpose

The purpose of this proposed rule change by OCC is to modify its existing Rules to implement changes that are designed to strengthen its onboarding process for applicants and enhance its monitoring of current Clearing Members through updated financial, operational, and reporting requirements. OCC believes these proposed changes will help to mitigate counterparty credit risk and improve OCC's risk mitigation processes and practices.

Chapter I—Definitions

Proposed Rule 101—Definitions

OCC proposes to adopt a definition for the term ''anti-money laundering (''AML'')'' as it is utilized in proposed Rule 204(e) [20] and proposed Rule 307C.[21] In Rule 101, OCC defines ''AML'' to mean, when used in respect of an applicant or Clearing Member's AML controls, compliance with anti-money laundering requirements imposed under U.S. law or comparable requirements in the Clearing Member's home jurisdiction.

OCC also proposes to adopt a key person clause by defining the term ''Key Person'' as it is utilized in proposed Rule 204(c) [22] and proposed Rule 307C.[23] The definition would provide that ''Key Person'' means any person associated with a Clearing Member or applicant that the Corporation deems is critical to the Clearing Member or applicant's operations or risk management, including, but not limited to, the Clearing Member's President, Chief Executive Officer (''CEO''), Chief Financial Officer (''CFO''), Chief Risk Officer (''CRO''), and Chief Compliance Officer (''CCO''), or equivalent positions, or a major shareholder or partner of the Clearing Member. The purpose of adopting a definition for Key Person is to promote resiliency for OCC in the event an individual deemed to be a Key Person is unable to fulfill their position within a Clearing Member or applicant's management team. OCC's proposed definition of Key Person incorporates the provision ''any person associated with a Clearing Member or applicant'' to consider Clearing Members or applicants with legal structures that encompass multiple legal entities. The purpose of including the

[7] *See infra* description of proposed Rule 201.

[8] *See infra* description of proposed Rules 203 and 204.

[9] *See infra* description of proposed Rules 203 and 307B.

[10] *See infra* description of proposed Rules 203, 207, 306.

[11] *See infra* description of proposed Rule 204.

[12] *See infra* description of proposed Rule 204 and 302.

[13] *See infra* description of proposed Rules 204 and 306B.

[14] *See infra* description of proposed Rule 301.

[15] *See infra* description of proposed Rule 302.

[16] *See infra* description of proposed Rule 303.

[17] *See infra* description of proposed Rule 306A.

[18] *See infra* description of proposed Rule 307.

[19] *See infra* description of proposed Rule 1201(a).

[20] *See infra* description of proposed Rule 204(e).

[21] *See infra* description of proposed Rule 307C.

[22] *See infra* description of proposed Rules 204(c), 204(c)(1), and 204(c)(2).

[23] *See infra* description of proposed Rule 307C.

phrase ''associated with'' is to encompass positions beyond direct employment or control of the Clearing Member or applicant. For example, a director or partner level position may not be a direct employee of a Clearing Member or applicant, however, they may constitute a critical part of such Clearing Member or applicant's operations or risk management functions. As such, OCC believes it is necessary that the definition of Key Person extend to such individuals outside of direct employment, but who are still associated with the Clearing Member or applicant. As described in more detail in proposed Rule 307C,[24] if a Key Person's departure has a material impact on the Clearing Member's operations or financial profile, OCC believes it is necessary to maintain the ability to impose restrictions on the impacted Clearing Member. For example, a Key Person may control the day-to-day decisions, maintain key client relationships, or have extensive knowledge of the company such that their position is critical to the operation of the business. If that person's inability to fulfill such position would likely impact the business's operations or profitability, it could pose additional risk to OCC. Therefore, OCC believes that adopting a definition for Key Person will strengthen its risk mitigation practices and promote resiliency for OCC.

To align with OCC's proposed rules concerning the protection of OCC's non-public information,[25] OCC proposes to add a definition of the term ''OCC Confidential Information'' to Rule 101. The definition would provide that ''OCC Confidential Information'' means all non-public information provided by OCC that (i) is marked or otherwise identified in writing prior to disclosure to the recipient as ''confidential'' or ''business sensitive,'' [26] (ii) is designated by the Corporation as confidential, or (iii) the recipient knows or under the circumstances surrounding disclosure, ought to reasonably know is confidential.

OCC's proposed rules incorporate a reference to the term ''OFAC'' as it relates to an applicant's or Clearing Member's compliance with OFAC. For clarification, OCC proposes to define the term ''OFAC'' to mean the United States Department of the Treasury's Office of Foreign Assets Control as defined in Title 31, Chapter V of the Federal Regulations.[27]

Lastly, OCC proposes to update the rule reference in the definition of the term ''Office'' in Rule 101. OCC proposes to eliminate reference to Rule 201 within the description and replace it with reference to Rule 302. OCC believes this proposed change aligns more closely with the new proposed edits to Rule 302 as it relates to requirements around maintaining a physical office space.

Chapter II—Clearing Membership

Proposed Rule 201—Eligibility

OCC proposes to modify its eligibility standards for applicants to ensure that, in OCC's discretion, such applicants reflect a sound financial and operational profile. Specifically, OCC proposes to adopt a new subsection (b) to current OCC Rule 201 [28] that would provide that Clearing Members must maintain a minimum operating history of one year in the same or substantially same business activities as being applied for, or in the alternative, must maintain senior personnel with sufficient financial, risk, and operational background and experience, in the sole opinion of OCC, to conduct the business of the Clearing Member.

The proposed change requiring a minimum operating history of one year is designed to ensure that there is sufficient information for OCC to formulate a holistic view of the applicant's background to help determine, based on the applicant's history, whether the applicant could meet OCC's existing membership standards and whether the applicant is likely to continue to meet OCC's membership standards for the foreseeable future. The proposed change also provides OCC with flexibility to, in the event the applicant does not maintain an operating history of one year, evaluate the applicant's senior personnel to determine whether such personnel have sufficient background experience to conduct the business of the Clearing Member. By requiring a minimum operating history of one year, OCC believes this proposed change will allow applicants to demonstrate their continued capacity to operate their business. OCC believes this information will strengthen its onboarding process by eliminating at an early-stage applicants that do not maintain a sufficient operating history or sufficient personnel, in OCC's discretion, therefore mitigating potential risk to OCC.

Proposed Rule 203—Admission Procedures

OCC proposes to make substantive and organizational changes to proposed Rule 203—Admission Procedures. OCC's proposed changes would reorganize Rule 203 into six separate subsections, outlined in proposed subsections (a) through (f) of proposed Rule 203. OCC also proposes adding titles that label each subsection, enhancing clarity and ease of readability throughout the document. OCC's proposed changes adopt new rule text in its entirety in proposed subsections (b)(4) through (b)(6), (b)(8), (e) and (f) of proposed Rule 203, while proposed subsections (a), (b)(1) through (b)(3), (b)(7), (c), and (d) reorganize existing text and incorporate new text. The purpose of each substantive change is discussed below.

i. Proposed Rule 203(a)

OCC's proposed changes would reorganize existing Rule 203(a) into proposed Rules 203(a) and 203(b)(1) through (b)(3). The first sentence of current Rule 203(a) provides that applicants for clearing membership must be in such form and contain such information as OCC will from time to time require. Proposed Rule 203(a) would be titled ''Form of Application.'' In addition, Proposed Rule 203(a) would extend this provision to include reapplications under Rule 309. As described in more detail in below with respect to proposed Rule 309, OCC may determine that a Clearing Member must reapply for membership due to an event described in Rule 306A(b)(1) that causes a material impact on the Clearing Member's operational condition. If OCC makes such determination, the Clearing Member would be required to reapply for membership pursuant to the admission procedures described in Rule 203, and the reapplying Clearing Member would be afforded the same rights under Rule 203 as any new applicant of OCC.

ii. Proposed Rule 203(b)

OCC's proposed Rule 203(b) would be titled ''Review by the Risk Committee or its Delegates'' and would be organized into eight subparts, as outlined in proposed Rule 203(b)(1) through (b)(8). OCC's proposed changes reorganize rule text from existing Rule 203(a) into new proposed Rules 203(b)(1) through (b)(3) while also proposing additional provisions in those subsections. Proposed Rule 203(b)(7) contains certain

[24] *Id.*

[25] *See infra* description of proposed Rules 203, 207, 306.

[26] These classifications correspond to OCC's internal procedures for classifying and marking records.

[27] 31 CFR 509.309.

[28] Current OCC Rule 201(b) would be renumbered as OCC Rule 201(c), and current OCC Rules 201(c)—201(e) would be renumbered as OCC Rules 201(d)—201(f), respectively.

text that was relocated from existing Rule 203(a) while also proposing new rule text. Lastly, OCC proposes to adopt Rule 203(b)(4) through (b)(6), and (b)(8) as entirely new rule text.

a. Proposed Rule 203(b)(1)

OCC proposes to modify its admission procedures to expand the delegation authority of the Risk Committee, specifically in their decision to approve or deny an applicant. OCC's existing Rule 203(a) provides, in part, that the Risk Committee must approve or deny an applicant for clearing membership, and that the Risk Committee may also approve, under certain circumstances, an applicant on an expedited basis.[29] OCC proposes to expand the Risk Committee's authority such that the Risk Committee may delegate, to its designated delegates or agents, the ability to approve or deny new applications or reapplications, and approve an applicant on an expedited basis. Specifically, proposed Rule 203(b)(1) would provide that the Risk Committee, or its designated delegates or agents, determine whether to approve or deny applications or reapplications for clearing membership. OCC proposes to reflect this change on the delegation of authority from the Risk Committee to its designated delegates or agents throughout Rule 203 and Rule 204, as described in further detail below.

OCC believes the proposed change to delegate certain authority of the Risk Committee to its delegates or agents will streamline and accelerate the decision-making process and approval, while continuing to utilize a risk-based decision-making approach within OCC. New Clearing Member applicants are currently reviewed and decided upon by the Risk Committee at the regular Risk Committee meetings, which are scheduled approximately every quarter. OCC believes this delegation of authority will also benefit applicants that may require a more urgent response based on their business activity, because such applicants would not need to wait for a regularly scheduled Risk Committee meeting for their application to be presented to the Risk Committee and approved or denied by the Risk Committee. Given various dependencies in the application review process, such as receiving documentation from applicants and working through the required internal approvals, it can be challenging from a timing perspective to align such dependencies with the regularly scheduled Risk Committee meeting date. By expanding the potential delegation of authority to approve or deny applications outside of the regular scheduled Risk Committee meetings, OCC believes this will accelerate the decision-making process and reduce delays for applicants.

OCC's proposed changes in proposed Rule 203(b)(1) also incorporate ''reapplications'' into this provision to align with proposed Rule 309. As described in proposed Rule 309 and outlined in the description of proposed Rule 203(a) above, if OCC determines that a Clearing Member must reapply for membership, the process for reapplication would follow the same admission procedures for new applicants described in Rule 203. As such, the reapplying Clearing Member would be afforded the same rights as new applicants under existing Rule 203, and the Risk Committee, or its designated delegates or agents, would determine whether to approve or deny the reapplications, as it would for new applicants.

Furthermore, OCC also proposes to update existing language in proposed Rule 203(b)(1) to promote clarity and consistency on the Risk Committee's responsibility related to approval or denial of an applicant. OCC's existing Rule 203(a), which is reorganized, in part, to proposed Rule 203(b)(1), provides that the Risk Committee must review and approve or disapprove such applicants for clearing membership.[30] OCC's proposed changes in proposed Rule 203(b)(1) update this language to state that the Risk Committee, or its designated delegates or agents, ''determine whether to approve or deny'' applications or reapplications for clearing membership. OCC believes the proposed language ''determine whether to approve or deny'' provides a more precise description of the Risk Committee's responsibilities, intended to promote transparency for Clearing Members and the general public.

b. Proposed Rule 203(b)(2)

Proposed Rule 203(b)(2) consists entirely of text relocated from the third sentence of existing Rule 203(a), with no substantive changes. Specifically, the sentence provides that the Risk Committee, or its designated delegates or agents, may examine the books and papers of any applicant, take such evidence as they may deem necessary or employ such other means as they may deem desirable or appropriate to ascertain relevant facts bearing upon the applicant's qualifications. OCC believes relocating this information from existing Rule 203(a) into proposed Rule 203(b)(2) enhances organizational efficiency in the document.

c. Proposed Rule 203(b)(3)

OCC's proposed changes reorganize and restate the fourth sentence of existing Rule 203(a) into proposed Rule 203(b)(3). That sentence currently provides that if the Risk Committee proposes to disapprove an application for clearing membership, it must first furnish the applicant with a written statement of its proposed recommendation and the specific grounds therefor, and afford the applicant an opportunity to be heard and to present evidence on its own behalf. Proposed Rule 203(b)(3) would incorporate the proposed expansion of the delegation authority of the Risk Committee in their decision to approve or deny an applicant by extending this obligation to the Risk Committee's designated delegates or agents. Proposed Rule 203(b)(3) would also incorporate ''reapplications'' of Clearing Members to align with proposed Rule 309, as described below. Proposed Rule 203(b)(3) would provide that the written statement informing the applicant or Clearing Member of the specific grounds of the proposed denial would be furnished by OCC's Corporate Secretary. As such, proposed Rule 203(b)(3) would provide clarity regarding whose responsibility it would be to transmit the written statement, clarifying it would be OCC's Corporate Secretary, not the Risk Committee. In addition, this change would provide transparency concerning the point at which the proposed process for Risk Committee review of such proposed denial would begin, as discussed below with respect to proposed Rule 203(b)(4) through (8). Proposed Rule 203(b)(3) would also use the terms ''deny'' or ''denial,'' instead of ''disapprove'' and ''recommendation,'' respectively, to align with the changes to Proposed Rule 203(a).

d. Proposed Rules 203(b)(4)–(b)(6)

OCC proposes to adopt subsections (b)(4) through (b)(6) of proposed Rule 203 as new rule text. The purpose in adopting subsections (b)(4) through (b)(6) is to codify within OCC's rules the processes that OCC would undertake in hearings before the Risk Committee on denials of Clearing Member applications or reapplications.[31] OCC believes this detailed process set forth in (b)(4) through (b)6) of proposed Rule 203 will promote greater transparency for Clearing Members and applicants with

[29] *See supra* note 3 at Rule 203(a), (b).

[30] *See supra* note 3 at Rule 203(a).

[31] OCC also proposes to codify these same procedures for appeals of certain protective measures, as described in proposed Rule 307B.

respect to denial of participation and the procedures afforded to them.

First, proposed Rule 203(b)(4) establishes the process by which a Clearing Member or applicant may request a hearing, and the notice requirements OCC must provide before that hearing takes place. Specifically, proposed Rule 203(b)(4) would provide that a Clearing Member or applicant may request a hearing by filing with the Secretary of OCC within five (5) business days from the date on which the Secretary of OCC furnished the applicant with a written statement under paragraph (b)(3) setting forth the name of the representative of the Clearing Member or applicant who may be contacted with respect to the hearing. Furthermore, the proposed change would provide that the Secretary of OCC will give the Clearing Member or applicant not less than ten (10) business days' prior written notice of the place and time of the hearing.

Next, proposed Rule 203(b)(5) outlines the requirements that a Clearing Member or applicant must fulfill after requesting a hearing, including submitting a detailed written statement of objections and indicating their intent to attend the hearing and whether they will have legal representation. Specifically, proposed Rule 203(b)(5) would provide that within seven (7) business days after the Clearing Member or applicant files such written request with OCC, the Clearing Member or applicant must submit to the Secretary of OCC a clear and concise statement setting forth with particularity the basis for its objection to the denial, whether the Clearing Member or applicant intends to attend the hearing, and whether the Clearing Member or applicant chooses to be represented by counsel at the hearing. Additionally, proposed Rule 203(b)(5) would include that the Secretary of OCC may extend a Clearing Member's time for submitting a written request for review or a written statement for good cause shown.

Finally, proposed Rule 203(b)(6) establishes the formal procedures governing how a hearing before the Risk Committee would be conducted, covering attendance, representation, recordkeeping, evidence submission and objections, hearing order, and post-hearing follow-up. OCC had previously developed and the Risk Committee had deployed these procedures for challenges to limitations on membership under OCC Rule 307B. OCC now proposes to codify them in Rule 203(b)(6) for transparency. Specifically, proposed Rule 203(b)(6) would provide that a hearing will proceed before the Risk Committee pursuant to the procedures set forth in (A) through (I) of proposed Rule 203(b)(6). Sections (A) through (I) of proposed Rule 203(b)(6) would establish the below procedures:[32]

◦ If the applicant fails to appear at the hearing, it may be deemed to have waived the right to review.

◦ The Clearing Member or applicant may be represented by counsel, but such representation is not required.

◦ OCC will keep a verbatim record of the hearing, which shall be the official record of the hearing. The applicant must refrain from making audio or video recordings or transmission of the hearing. The verbatim record of the hearing shall constitute OCC Confidential Information.

◦ OCC and the Clearing Member or applicant (each a ''Party'') may offer evidence through documentary evidence entered as exhibits in the proceeding.

◦ Parties must provide copies of any documents or other materials that they plan to use at the hearing as evidence. Such evidence must be exchanged no later than the date established by the Risk Committee.

◦ The formal rules of evidence, including the Federal Rules of Evidence, do not apply to hearings held under this Rule. Parties may argue that any documentary evidence presented by the opposing party should not be considered by the Risk Committee by objecting orally at the hearing on the basis that the evidence is irrelevant, immaterial, unduly repetitious, or unduly prejudicial. After considering the objecting party's reasons for excluding the evidence, the Risk Committee members will determine if the document will be admitted into evidence and into the record.

◦ Following the presentation of each document, members of the Risk Committee may pose questions to the presenter of the document about the evidence offered.

◦ Subject to the Risk Committee's authority to change the order, the hearing will be conducted in the following order: (i) open of record; (ii) presentation of the facts of the case, including documents, by an Officer of the Corporation, or an Officer's delegate or the Corporation's counsel; (iii) the applicant's presentation of facts of the case, including documents; (iv) rebuttal by an Officer of the Corporation, or an Officer's delegate or the Corporation's counsel; (v) the applicant's rebuttal; and (vi) the close of record.

◦ Following the hearing, if necessary, the Risk Committee may submit questions in writing to either Party, with copies of all communication provided to each Party.

e. Proposed Rule 203(b)(7)

Proposed Rule 203(b)(7) establishes the notice requirements and finality of the Risk Committee's decision to deny an application or reapplication. From an organizational standpoint, proposed Rule 203(b)(7) incorporates certain rule text that was relocated from existing Rule 203(a) into proposed Rule 203(b)(7), while also introducing new rule text.

Specifically, proposed Rule 203(b)(7) provides that if the Risk Committee, or its designated delegates or agents, denies an application or reapplication, OCC will provide the applicant or Clearing Member a written notice of the decision, accompanied by a statement of the specific grounds on which the denial is based. Furthermore, the proposed changes would state that any decision made under this Rule will be final upon the date OCC's Corporate Secretary provides a copy of the written notice of the decision to the Party. Proposed Rule 203(b)(7) would incorporate the concept of reapplication as described under proposed Rule 309 such that Clearing Members would be afforded the same rights under proposed Rule 203 as new applicants. OCC's proposed changes also replace the word ''disapproves'' with ''denies'' to remain consistent with the word choice in proposed Rule 203(b)(1) through (b)(3). In addition, OCC's proposed changes eliminate existing rule text that requires the decision must be ''mailed or delivered to the applicant.'' OCC proposes this change for efficiency and will amend its processes accordingly if the change is approved. Finally, proposed Rule 203(b)(7) would make other non-substantive changes, such as (i) replacing ''its'' with ''the'' in reference to the Risk Committee's written notice of decision, and (ii) eliminating the word ''therefore'' because this was relocated text that OCC believes it is no longer necessary.

f. Proposed Rule 203(b)(8)

Proposed Rule 203(b)(8) establishes that a final denial of a Clearing Member's reapplication, pursuant to proposed Rule 309, will constitute grounds for summary suspension under Rule 1102. Specifically, proposed Rule 203(b)(8) would provide that a final decision to deny a reapplication of a Clearing Member pursuant to Rule 309 and this Rule will constitute a suspension or expulsion from a self-

[32] The bullet points set forth correspond to subsections (A) through (I) of Section (b)(6), presented in sequential order.

regulatory organization and therefore grounds for summary suspension under Rule 1102. Proposed Rule 203(b)(8) mirrors existing Interpretation and Policy .01 to Rule 1201 (*i.e.,* proposed Rule 1201(b)), which provides the same with respect to a suspension or expulsion following disciplinary proceedings. In effect, these proposed rules provide that following a determination to expel a member—whether upon a denial of a reapplication under proposed Rule 309 after affording the Clearing Member the process described above or as a sanction for a violation of OCC's By-Laws and Rules under existing Chapter XII of the Rules—suspension of the Clearing Member may proceed in accordance with Chapter XI of the Rules (Suspension of a Clearing Member).

iii. Proposed Rule 203(c)

OCC's proposed changes reorganize existing Rule 203(b) to become proposed Rule 203(c), and add the title ''Expediated Approvals.'' OCC believes these proposed changes will help to improve readability and ease of navigation throughout OCC's rules. OCC's proposed changes also incorporate the expansion of the delegation authority of the Risk Committee in their decision to approve or deny an applicant on an expediated basis, as discussed above in the description of proposed Rule 203(b)(1). Specifically, OCC's proposed changes provide that the Risk Committee, ''or its designated delegates or agents,'' may approve an applicant on an expedited basis if approval of such applicant is appropriate for the protection of investors and the public interest.

iv. Proposed Rule 203(d)

OCC's proposed changes would also modify the provisions applicable to Clearing Members seeking to engage in clearing activities beyond the scope of their current authorizations. Specifically, OCC's proposed changes would reorganize existing Rule 203(c) to become new Rule 203(d)—''Business Expansion Requests.'' OCC believes the proposed addition of a title will improve readability and ease of navigation throughout OCC's rules. Proposed Rule 203(d) would provide that Clearing Members' business expansion requests may be reviewed and approved or disapproved ''by the Risk Committee, or its designated delegates or agents'' pursuant to the procedures of OCC.

OCC's proposed changes eliminate the specific reference to the CEO and COO [33] and eliminate the provision requiring that the Risk Committee must be given not less than ten business days from the date it is notified of any such approval/disapproval to determine whether the business expansion request should be reviewed by the Risk Committee. Because the parties seeking to engage in business expansion requests are existing Clearing Members that have already gone through enhanced due diligence in the application process, OCC believes it is not necessary that all business expansion requests be considered for review by the Risk Committee. Rather, OCC proposes a new risk-based framework pursuant to OCC's procedures such that only business expansion requests that have been escalated by OCC's CEO or COO (''OCEO'') would be subject to the review and approval of the Risk Committee. Furthermore, pursuant to OCC's Decision Authority Framework, it would be up to the discretion of the OCEO to determine, based on the specific business expansion request, whether it would be necessary to involve the Risk Committee in the decision-making process.[34]

As mentioned above, OCC's current process for business expansion requests entails that business expansion requests are approved or disapproved by the CEO or COO, provided the Risk Committee will be given not less than ten business days from the date it is notified of such approval or disapproval to determine whether the business expansion request should be reviewed by the Risk Committee.[35] OCC's current process allows the Risk Committee a 10-day negative consent period upon being notified of such approval or disapproval. If there is no objection from the Risk Committee during that timeframe, the business expansion request is approved or disapproved depending on the determination of the CEO or COO. Based on the information available to OCC at this time, OCC is not aware of a specific instance in which the Risk Committee exercised its authority to review or object to business expansion requests in the past. The purpose of proposed Rule 203(d) is to eliminate the requirement that every business expansion request be required to be reviewed by the Risk Committee. OCC believes the proposed change will streamline business expansion requests by eliminating the 10-day negative consent period and promoting a clear decision-making approach for either the Clearing and Liquidity Risk Working Group (''CLRWG'') or the OCEO.

v. Proposed Rule 203(e)

OCC proposes to adopt subsection (e) of proposed Rule 203 to codify within OCC's Rules its intent to inform the Risk Committee of all decisions related to applicants or business expansion requests. Specifically, Proposed Rule 203(e) would provide that OCC will provide notice to the Risk Committee of all decisions made by the Risk Committee's designated delegates or agents related to the approval or denial of any applicant or business expansion request. As described in more detail above, OCC proposes to expand the Risk Committee's authority so that the Risk Committee may delegate, to its designated delegates or agents, the authority to approve or deny new applicants and business expansion requests. The purpose of the proposed Rule 203(e) is to align with the proposed delegated authority framework and provide transparency to the Risk Committee of all decisions being made by the Risk Committee's designated delegates or agents as it relates to the approval or disapproval of applicants or business expansion requests.

vi. Proposed Rule 203(f)(1) Though (2)

OCC also proposes to establish rules related to the confidential treatment of non-public information and proposes to adopt Rule 203(f) ''Confidential Information.'' In its capacity as a self-regulatory organization, OCC collects non-public information from its applicants to assess whether each applicant meets OCC's membership standards. In addition, OCC collects non-public information from its Clearing Members as part of its ongoing monitoring of their continued adherence to those standards. Such non-public information includes, but is not limited to, information on the applicant or Clearing Members financial and operational condition, agreements with other counterparties, and written policies and procedures. OCC may also

[33] The revised rule text would authorize the Risk Committee, or its designated delegates or agents, as the decision makers. As a confidential Exhibit 3a to File No. SR–OCC–2026–009, OCC provided a copy of its Clearing Member On-Boarding and Off-Boarding Procedure which includes the Proposed Decision Authority Framework for New Clearing Member Applicants and Business Expansions (''Decision Authority Framework''). OCC's Decision Authority Framework outlines the designated delegates or agents of the Risk Committee and their level or review or decision, based on the Clearing Member applicant and business expansion.

[34] Per OCC's Decision Authority Framework, which is included in the Clearing Member On-Boarding and Off-Boarding Procedure as confidential Exhibit 3a to SR–OCC–2026–009, business expansion requests will not require Risk Committee approval, however the OCEO may escalate any business expansion request to the Risk Committee at its discretion.

[35] *See supra* note 3 at Rule 203(c).

provide non-public information to its Clearing Members and applicants to support its participants' risk management and operations with respect to their participation in OCC. Examples of non-public information OCC may share with participants include, but are not limited to, the detailed methodology descriptions for OCC's proprietary margin and stress testing methodologies,[36] and operation manuals providing participants with detailed instructions about how to use OCC's clearance and settlement systems.

With respect to non-public information that an applicant shares with OCC, assurance of confidentiality would be provided through the addition of paragraph (f)(1) to OCC Rule 203. Proposed Rule 203(f)(1) provides, in part, that any non-public information furnished to OCC pursuant to this Chapter will be held in confidence as may be required under the laws, rules and regulations applicable to OCC that relate to the confidentiality of records. For the avoidance of doubt, the proposed change would also provide that nothing in this Rule would prevent OCC from releasing such non-public information, in its sole discretion, to (i) any governmental or regulatory authority (*e.g.,* the SEC of CFTC); or (ii) any regulatory organization to which the applicant is a member or participant (*e.g.,* Financial Industry Regulatory Authority (''FINRA'') with respect to a broker dealer, or other registered clearing agencies in which the applicant or Clearing Member is a common member).[37]

OCC would also add a paragraph (2) to Rule 203(f), which would require that each applicant must maintain OCC Confidential Information in confidence to the same extent and using the same means it uses to protect its own confidential information, but no less than a reasonable standard of care, and that the applicant must not use OCC Confidential Information or disclose OCC Confidential Information to any third party except as necessary to perform such applicant's obligations under the By-Laws and Rules or as otherwise required by applicable law. Furthermore, proposed Rule 203(f)(2) would entitle OCC to seek any temporary or permanent injunction or other equitable relief in addition to any monetary damages related to the disclosure of OCC Confidential Information. Specifically, proposed Rule 203(f)(2) would state that each applicant acknowledges that breach of its confidentiality obligations under these Rules may result in serious and irreparable harm to OCC for which there is no adequate remedy at law, and in the event of such a breach by the applicant, OCC will be entitled to seek any temporary or permanent injunction or other equitable relief in addition to any monetary damages. In addition, by promulgating Rule 203(f)(2), OCC would be entitled to impose disciplinary proceedings for an applicant's violation of the confidentiality requirements, consistent with existing Chapter XII of OCC's Rules. Finally, proposed Rule 203(f)(2) would state that nothing in this Rule will prevent OCC or the applicant from providing such OCC Confidential Information to any governmental or regulatory authority subject to request for confidential treatment.

Proposed Rule 204—Conditions to Admission

OCC proposes to enhance its conditions to admission to provide OCC with the appropriate resources to thoroughly evaluate each applicant, based on specific conditions described in the Rules, to determine if such applicant currently meets OCC's membership standards and if such applicant is likely to continue to meet OCC's membership standards in the future. OCC's proposed modifications expand upon its basis for denial of an applicant and strengthen the financial and reporting requirements for applicants to ensure applicants reflect an acceptable risk profile, based on OCC's discretion.

i. Proposed Rules 204(a), 204(c), and 204(d)

Consistent with the proposed changes to proposed Rule 203 described above, OCC proposes to modify Rule 204 to expand the delegation of authority of the Risk Committee to the Risk Committee's designated delegates or agents. Specifically, OCC proposes to modify Rule 204(a) to provide that the Risk Committee, ''or its designated delegates or agents, may approve any application for clearing membership if the applicant meets the membership requirements and standards set for in the Rules.'' To eliminate ambiguity and promote more concise and direct language, OCC's proposed changes update the structure of the sentence to reflect the affirmative tone by replacing the phrase ''will not'' with ''may,'' and ''fails to meet'' with ''meets.''

OCC also proposes to modify 204(c) and 204(d), respectively, to provide that: (i) the Risk Committee, ''or its designated delegates or agents,'' may disapprove the application for clearing membership of any applicant or person of the applicant who is subject to a Statutory Disqualification, and (ii) that the Risk Committee, ''or its designated delegates or agents,'' may disapprove an application for clearing membership if the applicant or any natural person associated with the applicant has engaged and there is a reasonable likelihood he will again engage in acts or practices inconsistent with just and equitable principles of trade. OCC believes the proposed changes to delegate certain authority to the Risk Committee's designated delegates or agents will streamline and accelerate the decision-making process using a risk-based decision-making approach.

ii. Proposed Rules 204(c), 204(c)(1), and 204(c)(2)

OCC proposes to expand the statutory disqualification provision in proposed Rules 204(c), 204(c)(1) and 204(c)(2) to include the statutory disqualification of a Key Person, as the term is defined in Rule 101. OCC's proposed changes to Rules 204(c) and 204(c)(1) also intended to clarify that the provision applies not only to applicants who are subject to a Statutory Disqualification at the time of application, but also to applicants who become subject to a Statutory Disqualification over the course of the application period itself.

Existing Rule 204(c) provides that the Risk Committee may disapprove the application for clearing membership of any applicant or person of the applicant who is subject to a Statutory Disqualification. To promote clear construction of the rule and strengthen OCC's grounds for denial of an applicant, OCC proposes to modify Rule 204(c) to state that the Risk Committee, or its designated delegates or agents, may disapprove ''an'' application for clearing membership if any applicant, or ''Key Person'' of the applicant, is ''or becomes'' subject to a Statutory Disqualification. The purpose of this proposed change is to strengthen OCC's basis for denial of an applicant if the applicant presents heightened risk to

[36] The Commission has reviewed such documents and has concluded that they are appropriately withheld from OCC's public filings under Section 23(a)(3) of the Exchange Act, 15 U.S.C. 78w(a)(3), under Exemption 4 of the Freedom of Information Act (''FOIA''), 5 U.S.C. 552(b)(4). *See, e.g.,* Exchange Act Release No. 95319 (July 19, 2022), 87 FR 44167, 44171 n.49 (July 25, 2022) (SR–OCC–2022–001) (concluding that FOIA Exemption 4 applied to OCC's STANS Methodology Description).

[37] For purposes of these Rules, ''regulatory organization'' is already defined in OCC Rule 101 to include, among other organizations, (i) any self-regulatory organization (as defined in Section 3(a) of the Securities Exchange Act, 15 U.S.C. 78c(a)(26)) of which the Clearing Member is a member or participant, and (ii) any clearing organization (as defined in Regulation 1.3 under the Commodity Exchange Act, 17 CFR 1.3), board of trade, contract market and registered futures association of which the Clearing Member is a member or participant.

OCC at the initial time of application, or over the course the application period itself. As mentioned above under proposed Rule 101, a Key Person is, in part, a person associated with a Clearing Member or applicant that OCC deems is critical to the Clearing Member or applicant's operations or risk management. For example, a Key Person may control the day-to-day decisions, maintain key client relationships, or have extensive knowledge of the company such that their position is critical to the operation of the business. OCC's proposed changes narrow the grounds from statutory disqualification of a ''person'' of the applicant to statutory disqualification of a ''Key Person'' of the applicant to focus on those individuals that maintain critical and supervisory responsibilities within the organization. In contrast to the more general reference to a ''person'' of the applicant, OCC believes that a ''Key Person'' of the applicant has a role within the organization that may have a stronger impact on the organization's operations and processes. If an applicant or a Key Person of the applicant is subject to a Statutory Disqualification at the time of application, or if an applicant or Key Person of the applicant becomes subject to a Statutory Disqualification over the course of the application period, OCC believes this may present heightened risk to OCC. Therefore, OCC proposes to expand authority to deny an applicant if such applicant or a Key Person of the applicant is or becomes subject to a Statutory Disqualification. OCC's proposed changes would also make other grammatical and conforming changes in proposed Rule 204(c).

For the same reasons described above, OCC proposes to revise Rule 204(c)(1) to incorporate the statutory disqualification of a Key Person. Proposed Rule 204(c)(1) would provide that in cases in which the SEC, by order, directs as appropriate in the public interest, the Corporation will disapprove an application for clearing membership by any applicant or ''Key Person'' of the applicant who is ''or becomes'' subject to a Statutory Disqualification.

OCC also proposes to modify Rule 204(c)(2) to expand upon the circumstances and specify the timeframe for which an applicant must provide notification to OCC. Specifically, OCC proposes to modify Rule 204(c)(2) to provide that every applicant must notify OCC in writing ''within two business days'' if the applicant ''or a Key Person'' is or becomes subject to a statutory disqualification in accordance with the requirements of Rule 306A(c), ''or if the applicant learns that it or a Key Person is the subject of a formal investigation by a regulatory organization.''

Existing Rule 306A(c) provides, in part, that a Clearing Member or any applicant for clearing membership must notify OCC within 20 business days upon learning of becoming subject to a statutory disqualification.[38] OCC believes the proposed change to shorten the notification timeframe requirement for applicants from 20 business days, as provided in 306A(c), to two business days, as provided in proposed Rule 204(c)(2), provides OCC with important information at an earlier stage in the decision-making process. By receiving such information from an applicant within two business days of the applicant becoming aware, rather than within 20 business days, OCC will be able to evaluate this information earlier in the applicant review process and take next steps to address how the Statutory Disqualification may impact the applicant. OCC believes this information may be a factor in determining whether the applicant, in OCC's discretion, presents an acceptable risk profile to OCC. Therefore, OCC believes the proposed change to shorten the notification period will promote efficiencies and help to accelerate the decision-making process.

In addition, proposed Rule 204(c)(2) requires that, if an applicant learns that it or a Key Person is the subject of a formal investigation by a regulatory organization, the applicant must notify OCC within two business days of learning of such investigation, so that OCC can evaluate the applicant, and the information provided, as soon as possible and in its entirety. OCC believes that such information may be a factor in determining whether the applicant may present an acceptable risk profile to OCC. OCC believes that if an applicant is the subject of a formal investigation by a regulatory organization, the applicant may, among other things, present a heightened risk profile. Therefore, it would be of concern to OCC if OCC learned of such investigation after approving the applicant for membership, rather than before approval. Furthermore, should OCC learn of such an investigation towards the end of the onboarding process, but before presenting the firm for approval, this may require a postponement of such presentation until OCC can complete its due diligence on that matter, thereby leading to a prolonged onboarding process and an inefficient approach to decision-making.

iii. Proposed Rule 204(e)

OCC's proposed Rule 204(e) expands upon the basis for OCC's denial of membership by providing examples of factors or circumstances, under OCC's existing authority, that articulate OCC's denial of membership. Proposed Rule 204(e) would provide that the Risk Committee, or its designated delegates or agents, may disapprove any application for clearing membership if OCC becomes aware of any factor or circumstance about the applicant, or a Key Person of the applicant, that may pose elevated risk to OCC or impact the suitability of the applicant as a Clearing Member. OCC proposes to include the reference to the Key Person of the applicant, as defined in Rule 101, to capture certain situations when, for example, a CEO steps down from the CEO role, but still represents a critical role in the Clearing Member's or applicant's management team. The proposed change would also provide that factors or circumstances that may pose elevated risk to OCC include, but are not limited to: (i) concerns relating to an applicant's liquidity profile; (ii) concerns with the results of an independent assessment, performed in the last 12–18 months,[39] of an applicant's AML program's compliance with the Banking Secrecy Act requirements or OFAC Sanctions List and Sanctions list data; (iii) concerns relating to the amount or degree of financial leverage maintained or proposed to be maintained by the applicant; (iv) concerns relating to pending, adjudicated or settled regulatory or other legal actions involving the applicant or its management, including the applicant or a Key Person of the applicant being subject to a Statutory Disqualification, as such term is defined in Rule 101; (v) if an applicant does not conduct its business from a physical office facility such that OCC determines this represents an unacceptable level of operational risk to OCC, or (vi) concerns related to an applicant's profitability.

Although OCC does not specify in proposed Rule 204(e)(ii) who must perform an independent assessment of

[38] *See supra* note 3 at Rule 306A(c).

[39] OCC's rationale for proposing that the independent assessment be performed in the last 12–18 months is based on consideration from NFA Compliance Rule 2–9(c), which requires that FCMs provide for independent testing, conducted at least every 12 months, of the adequacy of their anti-money laundering compliance programs. *See* National Futures Association. (2022). *NFA Interpretive Notice 9045—NFA Compliance Rule 2–9: FCM and IB Anti-Money Laundering Program.* Retrieved from *https://www.nfa.futures.org/rulebooksql/rules.aspx?Section=9&RuleID=9045#:~:text=2%20including%20FCMs.-,3,maintain%20and%20update%20customer%20information.*

an applicant's AML program's compliance with the Banking Secrecy Act requirements or OFAC Sanctions List and Sanctions list data, OCC would expect such assessment to be conducted by an applicant's internal audit department, consultants, or other qualified independent third parties to help to ensure the information is accurate and as unbiased as possible. OCC believes it is also reasonable to require that the assessment be conducted by an independent third-party to align with other self-regulatory organizations, such as FINRA and the National Futures Association (''NFA''), both of which also maintain provisions in their rules requiring independent testing of their AML compliance program.[40]

OCC believes the provisions set forth in this proposed rule are necessary and appropriate for OCC to take into consideration when evaluating whether an applicant presents a heightened risk profile. OCC believes proposed Rule 204(e) will provide greater transparency to applicants and the general public at an earlier stage in the application process because the considerations listed in the proposed rule are part of OCC's existing application review process. Proposed Rule 204(e) is not intended to represent an exhaustive list of all circumstances in which OCC may disapprove an application, nor is proposed Rule 204(e) intended to seek new authority for OCC. Rather, proposed Rule 204(e) is intended to articulate OCC's current authority to deny an application based on certain circumstances that, in OCC's discretion, may reflect an unacceptable risk profile. Furthermore, OCC believes the proposed provision strengthens OCC's risk mitigation practices by articulating in OCC's Rules examples of circumstances that OCC may rely on to disapprove an applicant in the event an applicant presents a heightened risk profile.

iv. Proposed Rule 204(f)

OCC proposes to adopt Rule 204(f) to establish a requirement related to reapplication for those applicants that have been denied membership. Specifically, proposed Rule 204(f) provides that if an applicant is denied membership, the applicant is restricted from reapplying for membership until the applicant has demonstrated to the satisfaction of the Corporation that the applicant has adequately addressed the specific grounds upon which the applicant was denied. OCC believes this proposed rule would require applicants to make meaningful changes to their risk profile after being denied membership and demonstrate, based on their changes, that they have addressed the underlying reason for their denial. OCC believes this proposed rule would reduce the possibility that an applicant will immediately reapply for membership without taking action to adjust their risk profile and address the reason for denial, which would promote an effective use of OCC's and an applicant's time and resources.

v. Proposed Rule 204(g)

OCC's proposed new Rule 204(g) would outline OCC's requirements related to an applicant's office model. The proposed rule provides that every applicant must maintain physical office facilities for conducting business with OCC, unless the applicant utilizes a remote office model that OCC determines, in its sole discretion, does not present heightened risk to OCC.[41] In addition, the proposed rule provides that every applicant may be subject to an on-site visit from OCC at the applicant's physical office facility as part of OCC's onboarding process. The proposed rule also states that applicants will be provided with no less than 24 hours' notice prior to OCC's on-site visit.

Evolving technology has introduced the ability for employees to work remotely outside of a traditional office space, and more organizations are allowing for the ability of remote work. OCC believes the use of a fully remote, non-hybrid, office model may introduce challenges for OCC to communicate with the applicant and perform an on-site examination of the applicant, therefore posing heightened risk to OCC. The purpose of proposed Rule 204(g) is to minimize risk for OCC, by providing for a more fixed location for communication and on-site examination performed by OCC. OCC believes that an applicant's lack of maintaining any physical office facility presents risks that would not exist in a hybrid office model where an applicant may have some form of physical office to allow for in-person communication. OCC believes the risks posed by an applicant that is fully remote include, but are not limited to, challenges in communication between the applicant's staff and OCC, and the lack of visibility that OCC may have into the applicant's operational stability that could be mitigated during an on-site visit or in-person meeting. OCC also proposes to adopt 204(g) and to align with FINRA's Rules related to designating a physical office space.[42] For applicants that are also members of FINRA, OCC expects those applicants would already adhere to FINRA's Rules on designation of office facilities and supervision of such facilities, so OCC believes it is reasonable that such applicants must maintain a physical office facility under OCC's Rules. OCC intends to apply such standards of maintaining a physical office facility not just to all applicants, but to all existing Clearing Members as well, as described in proposed Rule 302(b). Although OCC is not aware of any current Clearing Member that utilizes a fully remote business model, OCC considers the use of a fully remote business model to be a part of OCC's operational risk management. OCC would consider, on a case-by-case basis, whether an applicant or Clearing Member's risk profile would be impacted if such applicant or Clearing Member utilized a remote business model. OCC believes this proposed requirement that applicants and Clearing Members maintain a physical office facility to conduct business with OCC, unless OCC determines that the use of a remote office model does not pose additional risk for OCC, would strengthen OCC's operational risk management.

vi. Proposed Rule 204(h)[43]

OCC proposes to renumber existing Rule 204(e) to Rule 204(h). Proposed Rule 204(h) describes the nine-month timeframe requirement in which an applicant must meet all conditions applicable to admission. In proposed Rule 204(h), OCC proposes to provide examples of such conditions that are applicable to an applicant's admission. OCC's proposed changes provide that such referenced conditions shall include, but are not limited to, clearing fund deposits and operational testing requirements. By providing illustrative examples of conditions that may be applicable to an applicant's admission, OCC believes this proposed change helps to promote transparency for applicants.

vii. Proposed Rule 204(j)

OCC proposes to adopt Rule 204(j), which provides that if an applicant fails to respond fully to OCC's requests for information after a period of 90 days from the inception of the application process, or for any subsequent 90-day period thereafter, OCC may deny the

[40] FINRA Rule 3110(c) and NFA Rule 2–9(c) Interpretation 9045.

[41] OCC intends for such discretionary review to rest with OCC generally, and not to a particular committee or OCC officer.

[42] FINRA Rule 3110(a)(3) and 3110(f).

[43] Existing Rule 204(h) would be renumbered to Rule 204(q).

applicant. This proposed change is intended to ensure applicants are engaged in the application process, to help streamline the process and promote productive business practices and processes for OCC. OCC believes it is an inefficient use of its time and resources to continue waiting for responsiveness or complete information longer than 90 days following an OCC request, or any subsequent 90-day period, as this time can be more efficiently allocated to processing other new applicants which have provided the information requested by OCC in a timely fashion.

viii. Proposed Rule 204(k)

OCC's proposed changes would adopt new Rule 204(k). In proposed Rule 204(k), OCC's proposed change specifies that OCC may share with such Designated Examining Authority or designated SRO any information provided by the applicant to OCC in connection with the application process. OCC believes this proposed change promotes enhanced transparency to other industry regulatory authorities.

ix. Proposed Rule 204(l)

OCC's proposed changes would renumber existing Rule 204(g) to proposed Rule 204(l). The proposed change also expands the delegation authority of the Risk Committee, as described in further detail above, and clarifies OCC's existing authority to impose additional requirements for clearing membership pursuant to Rule 307. Specifically, the proposed change provides, in part, that if the Risk Committee, ''or its designated delegates or agents,'' determines that an applicant's financial condition, operational capability, risk management capability or experience and competence, in relation to the business that the applicant is expected to transact with OCC, makes it necessary or advisable, for the protection of OCC, Clearing Members, or the general public, the Risk Committee may impose additional requirements for membership including, but not limited to, the imposition of protective measures pursuant to Rule 307. OCC proposes removing the term ''temporary'' before ''requirements'' to articulate that this provision was never intended to limit OCC's existing authority under Rule 307 to impose requirements on Clearing Members that may be permanent. For example, a permanent requirement that OCC may impose is the requirement that the new Clearing Member must hire personnel on a full-time basis to help demonstrate that such Clearing Member maintains sound risk management and operational controls. In this example, the requirement that the Clearing Member hire new personnel on a full-time basis, rather than on a part-time basis, is intended to be a permanent requirement. OCC believes the removal of the term ''temporary'' will align more closely with OCC's existing authority under Rule 307 and help strengthen OCC's resiliency in the event an applicant may present, in OCC's discretion, a heightened risk profile. For additional clarification, OCC's proposed change to proposed Rule 204(l) also includes the provision that states ''any contingencies that the Risk Committee, or its designated delegates or agents, designates as temporary will remain in effect'' until the heightened risk presented by the Clearing Member is sufficiently reduced, ''based on the judgment of the Corporation, or if applicable, the maturity date of such contingency as specified by the Corporation.''

x. Proposed Rule 204(m)

OCC proposes to adopt new Rule 204(m), which provides, in part, that applicants, upon OCC's request, must provide OCC with a business plan, supported by financial projections and assumptions that includes the applicant's proposed use of OCC's services that demonstrates, to the satisfaction of OCC, that the applicant has a viable plan to meet and sustain the financial and operational responsibility standards and financial obligations under OCC's Rules. In addition, the proposed change states that the applicant must provide, upon OCC's request, an assessment of the applicant's business plan by an independent third-party consultant deemed acceptable by OCC, at the expense of the applicant, to evaluate the reasonableness and viability of the plan, including its assumptions and projections, and that failure to provide such a plan, when requested by OCC, may result in denial of the application.

This proposed change is intended to strengthen OCC's basis for determining whether to approve or deny an applicant. OCC believes this proposed change will provide OCC with accurate, relevant information to consider when evaluating an applicant's background, operational and business history, and future projections, to determine if the applicant presents an acceptable risk profile. In addition, OCC believes that requiring the applicant's business plan to be assessed by an independent third-party provides additional comfort to OCC that the information provided to OCC is as accurate and as unbiased as possible.

As the sole clearing agency for standardized equity options listed on national securities exchanges registered with the Commission, OCC holds a significant responsibility in managing risk to the U.S. listed-options marketplace. Therefore, OCC believes it is essential that when requested, applicants provide OCC with a business plan, vetted by an independent third-party consultant, to allow OCC to perform its due diligence and thoroughly evaluate each applicant in its entirety to determine whether such applicant presents an acceptable risk profile. Additionally, it is critical for OCC's review that the information received from an applicant is as accurate and as unbiased as possible. OCC expects that applicants will leverage their existing third-party relationships to undertake an independent review of the applicant's business plan. By leveraging existing relationships, OCC believes that an applicant can minimize additional costs and limit the risk of any potential confidentiality issues from sharing information because such relationships already exist and there is, presumably, a level of trust in existence with such relationships. OCC believes that the requirement to provide OCC, upon its request, with a business plan, assessed by an independent third-party consultant is appropriate to further strengthen OCC's risk management practices.

xi. Proposed Rule 204(n)

OCC proposes to adopt new Rule 204(n), which provides, in part, that if OCC determines to apply a limitation or restriction on an applicant in lieu of applying a membership standard, as OCC is currently authorized to do as outlined in Rule 307, such limitations and restrictions may also include contingencies. Furthermore, OCC's proposed changes explain that such limitations, restrictions, and contingencies may include, in addition to the examples already provided in Rule 307, increased or adjusted ongoing membership financial requirements or an ongoing requirement to provide additional information or reports to OCC. Proposed Rule 204(n) also provides that any such financial requirements will be risk-based.

This proposed change is intended to provide OCC with the flexibility to approve an applicant for Clearing Membership with contingencies attached to its membership. The proposed change articulates specific circumstances in which an applicant's approval for membership may be contingent upon, such as the requirement for an applicant to provide ongoing reporting to OCC. OCC believes this proposed change to apply contingencies to an applicant's membership will equip OCC with the necessary tools and resources to address each individual applicant based on the specific scenario of the applicant, and apply, for example, adjusted financial or reporting requirements to a newly approved Clearing Member if OCC believes such applicant may present a heightened risk profile.

xii. Proposed Rule 204(o)

OCC proposes to adopt new Rule 204(o), which provides, in part, that if an applicant is approved by OCC with contingences attached to its membership, such applicant's membership will be deemed to be in a probationary period for twelve months following the date of the approval as a Clearing Member. In addition, the proposed rule provides that if a Clearing Member subject to a probationary period violates any contingency, or any OCC Rule, the Clearing Member is subject to suspension by OCC pursuant to Chapter XII of OCC's Rules. OCC believes this proposed change provides OCC with the necessary resources to manage an applicant that presents a heightened risk profile. The purpose of proposed Rule 204(o), in contrast to existing Rule 1201(a)(2), is to introduce a probationary period of twelve months for new Clearing Members that have been recently approved with contingencies attached to their membership due to their heightened risk profile as an applicant. The probationary period introduced in proposed Rule 204(o) applies to those Clearing Members that have been approved with certain contingencies attached to their membership. The probationary period is not intended to apply to existing Clearing Member that have been members at OCC for a period of time and do not have contingencies attached to their membership. Proposed Rule 204(o) broadens OCC's authority to suspend a newly approved Clearing Member that, but for the contingencies attached to their membership, OCC may not have approved their application for clearing membership.

xiii. Proposed Rule 204(p)

OCC proposes to adopt new Rule 204(p) which provides, in part, that upon OCC's request, the applicant must provide to OCC the annual audited financial statements of a parent or affiliate for the applicable fiscal year, certified by an independent certified public accountant and prepared in accordance with generally accepted accounting principles applicable to the parent or affiliate. The proposed change also provides that if the annual audited financial statements of the applicant's parent or affiliate are not available, the applicant must provide, upon OCC's request, unaudited financial statements, audited consolidated financial statements, or other financial information of the applicant's parent or affiliate, as applicable.

This proposed rule is intended to enhance OCC's reporting requirements, so that OCC has the necessary information available to fully review an applicant and address their risk profile. OCC believes it is necessary and appropriate to require, in certain circumstances, that an applicant, regardless of the applicant entity type, provide OCC with their parent or affiliate's audited financial statements for OCC's review so that OCC can take into consideration, from a broader perspective, the data that is provided and complete an extensive review to determine if the applicant presents an acceptable risk profile. In addition, by requiring, upon request, that an applicant provide OCC with their parent or affiliate's audited financial statements, OCC may gain a deeper understanding of the overall applicant's financial health and performance, which would assist OCC in determining the applicant's risk profile.

Proposed Rule 207—Submission to and Retrieval of Items to and From the Corporation

OCC describes in proposed Rule 203(f) the requirement for applicants to maintain OCC Confidential Information in confidence. Similarly, OCC proposes to apply the same standard of maintaining OCC Confidential information in confidence to existing Clearing Members. To clearly differentiate which proposed rules apply to applicants and which proposed rules apply to Clearing Members, OCC proposes to introduce Rule 207(d) to describe requirements as applicable to existing Clearing Members.

Proposed Rule 207(d) would require each Clearing Member to maintain OCC Confidential Information in confidence to the same extent and using the same means it uses to protect its own confidential information, but no less than a reasonable standard of care, and that the Clearing Member must not use OCC Confidential Information or disclose OCC Confidential Information to any third party except as necessary to perform such Clearing Member's obligations under the By-Laws and Rules or as otherwise required by applicable law. Furthermore, proposed Rule 207(d) would entitle OCC to seek any temporary or permanent injunction or other equitable relief in addition to any monetary damages related to the disclosure of OCC Confidential Information. Specifically, proposed Rule 207(d) would state that each Clearing Member acknowledges that breach of its confidentiality obligations under these Rules may result in serious and irreparable harm to OCC for which there is no adequate remedy at law, and in the event of such a breach by the Clearing Member, OCC will be entitled to seek any temporary or permanent injunction or other equitable relief in addition to any monetary damages. In addition, by promulgating Rule 307, OCC would be entitled to impose disciplinary proceedings for a Clearing Member's violation of the confidentiality requirements, consistent with existing Chapter XII of OCC's Rules. Finally, proposed Rule 207(d) would state that nothing in this Rule will prevent OCC or the Clearing Member from providing such OCC Confidential Information to any governmental or regulatory authority subject to request for confidential treatment.

CHAPTER III—Clearing Membership

Proposed Rule 301—Financial Responsibility

OCC proposes to modify its existing Rule 301(b) and 301(d) to strengthen financial responsibility obligations for existing Clearing Members.

i. Proposed Rule 301(b)

OCC proposes to modify Rule 301(b) to address OCC's ability to implement, in certain circumstances, risk-based minimum capital levels. Specifically, OCC's proposed changes provide that OCC, in its sole discretion, may, pursuant to Rule 307C(a), establish risk-based minimum capital levels, higher than those specified in Rule 301 to mitigate risk to OCC. The proposed change would state that examples of such risks giving rise to a higher capital requirement include, but are not limited to, Clearing Members that may, as determined by OCC, present: (i) a short operating history, (ii) an inadequate liquidity profile, (iii) a business strategy that is high risk, (iv) a profile that is highly leveraged, (v) weak internal risk controls, or (vi) insufficient personnel. This proposed change is intended to provide OCC with flexibility to implement different capital levels than the standard capital levels outlined in OCC's existing rules to address the various risk profiles presented by its

Clearing Members. OCC's bases for applying risk-based minimum capital levels would be detailed in OCC's Clearing Member On-Boarding and Off-Boarding Procedure.[44] OCC believes this proposed change will help to further strengthen its risk mitigation practices by providing OCC with necessary tools to address Clearing Members that may present elevated risk to OCC and other Clearing Members.

ii. Proposed Rule 301(d)

OCC proposes to modify Rule 301(d) to clarify requirements related to a Clearing Member's contingency plans, and the obligation to provide information about such plans. Specifically, OCC's proposed changes to Rule 301(d) include the provision that every Clearing Member must furnish copies of such procedures related to its contingency planning upon the request of OCC. OCC believes this requirement will strengthen its ability to verify that Clearing Members maintain sufficient procedures to meet obligations arising from clearing membership in extreme but plausible market conditions, as determined by OCC.

Proposed Rule 302—Operational Capability

OCC proposes to enhance its operational capability standards for existing Clearing Members in proposed Rule 302(b) and 302(c).

Proposed Rule 302(b) would specify that every Clearing Member must maintain physical office facilities for conducting business with OCC, unless such Clearing Member utilizes a remote office model that OCC determines, in its sole discretion, does not present heightened risk to OCC. OCC also proposes to include the provision that every Clearing Member may be subject to an on-site visit from OCC at the Clearing Member's physical office facility as part of OCC's ongoing monitoring and due diligence of Clearing Members. In addition, OCC proposes that Clearing Members will be provided with no less than 24 hours notice prior to such on-site visit from OCC. As described in proposed Rule 204(g), OCC proposes to apply the same standard to applicants and existing Clearing Members as it relates to the requirement to maintain a physical office facility to conduct business with OCC. To differentiate which proposed requirements apply to applicants and which requirements apply to existing Clearing Members, OCC incorporated this provision in proposed Rule 204(g) in reference to applicants, and proposed Rule 302(b) in reference to existing Clearing Members. OCC believes that Clearing Members that do not maintain any type of physical office facility to conduct business with OCC may present a heightened risk profile. OCC believes the risks posed by a Clearing Member that maintains a fully remote office model include, but are not limited to, challenges in communication between the Clearing Member's staff and OCC, and the lack of visibility that OCC may have into the Clearing Member's operational stability that could be mitigated during an on-site visit or in-person meeting. OCC will determine, in its sole discretion and on a case-by-case basis, if such Clearing Member presents a heightened risk profile based on its use of a remote office model. Through proposed Rule 302(b), OCC intends to strengthen its operational capability standards for Clearing Members to limit potential operational risk posed to OCC by Clearing Members that do not maintain a physical office facility.

To further strengthen its operational requirements and ensure Clearing Members meet and maintain an acceptable risk profile, OCC proposes to update Rule 302(c) to include the provision that every Clearing Member must make its books and records available for inspection by OCC upon request.

Lastly, OCC proposes to correct an error in Rule 302(f), which concerns operational requirements for Clearing Members participating in OCC's Stock Loan Programs. As the titles to the subparagraphs imply, paragraph (f)(1) concerns the Stock Loan/Hedge Program and paragraph (f)(2) was intended to concern the Market Loan Program. OCC proposes to correct an inadvertent reference to the Stock Loan/Hedge Program in paragraph (f)(2), which would instead refer to the Market Loan Program.

Proposed Rule 303—Financial, Operations, and Risk Management Personnel

OCC proposes to modify Rule 303(a) to establish specific requirements related to staffing of Clearing Member personnel. Proposed Rule 303(a) provides that every Clearing Member must employ individuals with relevant industry experience in senior management roles, or equivalent positions, including: President or Chief Executive Officer, Chief Financial Officer, Chief Risk Officer, and Chief Compliance Officer. The proposed change also provides that the Clearing Member must maintain a clear division of responsibility between each of the listed roles above, the purpose of which is to reduce conflicts of interest. The proposed change also states that the Clearing Member must maintain a minimum number of total full-time personnel, including a minimum number of four full-time risk management personnel. Lastly, the proposed change provides that a Clearing Member may, with the agreement of OCC, substitute for certain full-time personnel contractual arrangements with third-party service providers acceptable to OCC with substantial experience in clearing the kind of cleared contracts that the applicant or member proposes to clear. OCC's proposed additions to Rule 303(a) are intended to verify and support, from OCC's perspective, that Clearing Members maintain a sufficient level of staffing in risk management roles with sufficient industry experience to demonstrate that such Clearing Members are operationally reliable. OCC believes it is essential that Clearing Members maintain sufficient staffing of personnel to present an acceptable risk profile, in OCC's judgement.

Proposed Rule 305—Clearing Member Risk Management

OCC's existing Rule 305 requires, in part, that Clearing Members maintain written risk management policies and procedures that address the risks that Clearing Members pose to OCC.[45] Existing Rule 305 also states that OCC will review the risk management policies, procedures, and practices of each Clearing Member on a periodic basis.[46] OCC proposes to modify existing Rule 305 to add a clarifying provision that states "based on OCC's review of the policies, procedures and practices, OCC" may take appropriate action to address concerns identified in

[44] As a confidential Exhibit 3a to File No. SR–OCC–2026–009, OCC provided a copy of its Clearing Member On-Boarding and Off-Boarding Procedure (the "Procedure") to the Commission. The Procedure would specify several examples of when OCC may apply risk-based minimum capital levels. Such examples would include, but are not limited to: (i) if the applicant does not maintain any lines of credit or has limited liquidity resources; (ii) if the applicant does not maintain an operating history of one year; (iii) if the applicant consistently reports monthly losses over a 12-month period or losses are projected by the firm over the subsequent 12 month period; (iv) if the applicant's proposed business generates a calculated clearing fund requirement near or greater than the applicant's excess net capital, and (v) if the applicant's financial statements for the past 12 months reveal a pattern of substantial swings in capital levels. The Procedure would also include that risk-based minimum capital levels may be applied depending on the applicant's tail risk when compared to capital or liquidity.

[45] *See supra* note 3 at Rule 305.

[46] *Id.*

such reviews, including but not limited to the imposition of protective measures pursuant to Rule 307. OCC believes this proposed change articulates more clearly the basis for OCC to take action to address concerns based on review of the Clearing Member's policies, procedures and practices.

Proposed Rule 306—Notification and Reporting Requirements

As described in further detail above in proposed Rule 203(f), OCC's proposed changes establish rules related to the confidential treatment of non-public information provided to and received from applicants and Clearing Members. Proposed Rule 203(f) concerns non-public information related to an applicant. To differentiate which proposed requirements apply to applicants and which proposed requirements apply to existing Clearing Members, OCC proposes to adopt Rule 203(f), with respect to applicants, and Rule 306(b) with respect to Clearing Members.

With respect to non-public information that a Clearing Member shares with OCC, assurance of confidentiality would be provided through the addition of paragraph (b) of Rule 306.[47] Proposed Rule 306(b) provides, in part, that any non-public information furnished by a Clearing Member to OCC pursuant to Chapter 3 will be held in confidence as may be required under the laws, rules and regulations applicable to OCC that relate to the confidentiality of records. Furthermore, proposed Rule 306(b) provides that nothing in this Rule will prevent the Corporation from releasing such non-public information, in its sole discretion, to (i) any governmental or regulatory authority (*e.g.,* the SEC or CFTC); or (ii) any regulatory organization to which the applicant is a member or participant (*e.g.,* FINRA with respect to a broker dealer, or other registered clearing agencies in which the applicant or Clearing Member is a common member).[48]

Proposed Rule 306A—Event-Based Reporting

OCC proposes to modify existing Rule 306A(a)(1). Existing Rule 306A(a)(1) requires, in part, that under the Early Warning Notices provision, a Clearing Member must notify OCC prior to 3:00 p.m. CT in writing if the Clearing Member receives notice from any regulatory organization (as defined in this paragraph) of any financial or operational difficulty affecting the Clearing Member or of any failure by the Clearing Member to be in compliance with the financial or operational responsibility rules or capital requirements of any regulatory organization. To align with OCC's definition of ''regulatory organization'' in existing Rule 101, OCC's proposed change revises the text in Rule 306A(a)(1) that references regulatory organization from ''as defined in this paragraph'' to ''as defined in Rule 101.'' OCC's proposed change incorporates additional language following this provision that states ''to the extent that laws applicable to the Clearing Member do not prevent the disclosure of such notice to the Corporation.'' OCC proposes to include this information to articulate that OCC acknowledges that Clearing Members may be subject to confidentiality provisions under certain laws of various regulatory organizations that would prohibit disclosure of such information to OCC.

Furthermore, in relation to the referenced term ''regulatory organization'' in existing Rule 306A(a)(1), OCC proposes to update the language from ''any regulatory organization (as defined this paragraph)'' to ''any regulatory organization (as defined in Rule 101).'' Because the term ''regulatory organization'' is defined in OCC Rule 101, OCC believes it is more appropriate to include the specific reference to Rule 101. For the same reasons, OCC also proposes to revise the text in Rule 306A(a)(2)(D) from ''as defined below'' to ''as defined in Rule 101.''

OCC also proposes to update Rules 306A(a)(2)(A)(i) and 306A(a)(4)(B)(i). In the event OCC determines to implement risk-based minimum capital levels, as described in proposed Rule 301, OCC will adjust its event-based reporting requirements to account for such risk-based minimum capital levels. OCC's proposed change to Rules 306A(a)(2)(A)(i) and 306A(a)(4)(B)(i) provide that a Clearing Member must notify OCC when the Clearing Member's net capital is less than the greater of $12 million, ''or amount equal to 20% above the applicable Clearing Member's minimum capital requirement.'' OCC selected a 20% reporting threshold to account for potential instances where OCC may require that an applicant or Clearing Member maintain a minimum net capital requirement that is higher than the $10 million requirement outlined in Rule 301 or higher than the reporting threshold of $12 million in existing Rule 306A. For example, there may be an instance when OCC establishes a higher minimum net capital requirement for a Clearing Member, such as $15 million, instead of $10 million. In this example, the trigger for when a Clearing Member would be required to notify OCC would be set at a net capital below $18 million, which is $20% above $15 million. If OCC utilized the current $12 million threshold for all situations, it may not have an impact on Clearing Members with minimum net capital requirements greater than existing $10 million.

To promote parallel construction and coherent language for ease of readability throughout OCC's Rules, OCC proposes to update Rules 306A(a)(4)(C), 306A(a)(4)(D), 306A(a)(5)(C) and 306A(a)(5)(D) by incorporating the language ''such Clearing Member receives'' at the beginning of each referenced provision. OCC also proposes to make conforming changes to proposed Rules 306A(a)(4)(D) and 306A(a)(5)(D) by deleting the term ''received.'' Similar to proposed provision in Rule 306A(a)(1), OCC proposes to add language at the end of Rule 306A(a)(5)(D) that states ''to the extent that laws applicable to the Clearing Member do not prevent the disclosure of such notice to the Corporation'' to articulate that OCC acknowledges that Clearing Members may be prohibited from disclosing certain information to OCC based on laws of their regulatory agency.

OCC also proposes to update Rule 306A(b)(1) to promote clarity, strengthen its notification requirements for Clearing Members, and provide OCC with flexibility and tools to address Clearing Members with a heightened risk profile. OCC's proposed change updates proposed Rule 306A(b)(1) to clarify a specific timeframe in which Clearing Members must notify OCC of any material change in its form of organization. Specifically, OCC's proposed change provides that each Clearing Member must give OCC ''a minimum of 30 days'' prior written notice, ''or prompt written notice where such decision is made less than 30 days prior to taking effect,'' of any material change in its form of organization or ownership structure.[49]

OCC's existing Rule 306A(c) provides, in part, that a Clearing Member, or applicant for clearing membership, that is or becomes subject to a statutory disqualification, must notify OCC in writing of the statutory disqualification within 20 business days.[50] OCC proposes to apply the same standard to applicants and Clearing Members as it

[47] The existing provision of Rule 306 would be numbered Rule 306(a).

[48] *See supra* note 37.

[49] In contrast, OCC's current Rule 306A(b)(1) requires only ''prompt'' notification.

[50] *See supra* note 3 at Rule 306A(c).

relates to an applicant's or Clearing Member's responsibility to notify OCC upon learning of being subject to a statutory disqualification. To align with proposed Rule 204(c)(2) and promote consistency and transparency to applicants and Clearing Members, OCC proposes to modify Rule 306A(c) to incorporate statutory disqualification of a Key Person, and to reduce the notification requirement for Clearing Members from 20 business days to two business days upon learning of such statutory disqualification. OCC believes this change will allow OCC to better manage and more quickly address such Clearing Members who may present a heightened risk profile to OCC. Lastly, because Rules in Chapter III apply to existing Clearing Members, while Rules in Chapter II primarily concern applicants for clearing membership, OCC also proposes to remove the reference to applicants in proposed Rule 306A(c) by eliminating the phrase ''or any applicant for clearing membership.'' The purpose of this proposed change is to promote clarity and organizational consistency within the Rules.

Proposed Rule 306B—Periodic Reporting

i. Proposed Rule 306B(b)

OCC proposes to update Rule 306B(b) as it relates to reporting requirements for existing Clearing Members. Specifically, OCC proposes to require that upon OCC's request, the Clearing Member must provide to OCC the annual audited financial statements of a parent or affiliate for the applicable fiscal year, certified by an independent certified public accountant and prepared in accordance with generally accepted accounting principles applicable to the parent or affiliate. The proposed provision would also provide that if the annual audited financial statements of the Clearing Member's parent or affiliate are not available, the Clearing Member must provide, upon the Corporation's request, unaudited financial statements, audited consolidated financial statements, or other financial information of the Clearing Member's parent or affiliate, as applicable.

OCC proposes to apply the same reporting standard for Clearing Members and applicants, regardless of Clearing Member or applicant type, as it relates to requiring that the applicant or Clearing Member provide OCC with the annual audited financial statements from such an entity's parent or affiliate. To differentiate which proposed requirements apply to applicants and which requirements apply to existing Clearing Members, OCC incorporated the above provision in proposed Rule 204(p) in reference to applicants, and proposed Rule 306B(b) in reference to existing Clearing Members. The proposed change to Rule 306B(b) is intended to enhance OCC's reporting requirements, so that OCC has the necessary information available to fully review a Clearing Member and address their risk profile. OCC believes it is necessary and appropriate to require, in certain circumstances, that the Clearing Member provide to OCC their parent or affiliate's audited financial statements so that OCC can complete an extensive review to determine if the Clearing Member presents an acceptable risk profile. As mentioned above as it relates to applicants, OCC believes it is necessary and appropriate to require, in certain circumstances, that a Clearing Member provide their parent or affiliate's audited financial statements for OCC's review so that OCC can take into consideration, from a broader perspective, the data that is provided and complete an extensive review to determine if the Clearing Member presents an acceptable risk profile. In addition, by requiring, upon request, that a Clearing Member provide to OCC their parent or affiliate's audited financial statements, OCC may gain a deeper understanding of the overall Clearing Member's financial health and performance, which would assist OCC in determining the applicant's risk profile.

ii. Proposed Rule 306B(f)

OCC proposes to adopt Rule 306B(f) to strengthen its reporting requirements for Clearing Members. Proposed Rule 306B(f) would require that Clearing Members provide accurate, complete and timely responses to OCC's annual and periodic due diligence information requests, including any supplemental or follow-up requests thereto. This proposed change is intended to promote efficient and timely delivery of information to OCC. OCC's annual and periodic due diligence information requests include, but are not limited to, annual and periodic attestations requesting Clearing Members to confirm, for example, their current office address, back-up internet provider, and list of senior level leaders employed at the Clearing Member's organization. OCC believes this proposed provision requiring Clearing Members to provide accurate, complete and timely responses to OCC's requests is necessary to ensure successful ongoing monitoring of Clearing Members.

Proposed Rule 307—Protective Measures

OCC proposes to update Rule 307 to provide enhanced transparency to Clearing Members, applicants, and the public on OCC's existing authority to impose protective measures. OCC's proposed changes renumber existing Rule 307 to Rule 307(a), and provide that OCC may impose protective measures on any Clearing Member or applicant for clearing membership that: (i) presents increased credit, ''market'' or liquidity risk to OCC, (ii) is ''or will be, in the case of a new Clearing Member,'' subject to enhanced monitoring and surveillance under OCC's watch level reporting process, or (iii) whose financial condition, operational capability, risk management capability, ''regulatory or compliance risk profile'' otherwise make it necessary or advisable, for the protection of OCC, other Clearing Members, or the general public. The purpose of these proposed changes in proposed Rule 307(a) is to articulate OCC's existing practices and provide clarifying language as a means of providing transparency to applicants, Clearing Members and the public.

OCC proposes to adopt Rule 307(b), which provides that OCC may impose protective measures on any Clearing Member or applicant regardless of whether the Clearing Member or applicant is subject to enhanced monitoring and surveillance under OCC's watch level reporting process. Furthermore, OCC proposes to adopt Rule 307(c), which provides that OCC determines protective measures on a case-by-case basis depending on factors such as the Clearing Member or applicant's financial and operational risk profile or the current or anticipated nature or level of the Clearing Member's or applicant's activity. The purpose of adopting proposed Rules 307(b) and 307(c) is to codify OCC's existing authority to impose protective measures within OCC's Rules. OCC believes it is important to articulate these provisions in its Rules to provide applicants, Clearing Members, and the public with readily available information on how OCC determines to impose protective measures to promote transparency and improve the clarity of its Rules.

Proposed Rule 307B—Restrictions on Certain Transactions, Positions and Activities

OCC's proposed changes to Rule 307B codify the processes that OCC would undertake in hearings before the Risk Committee for appeals of certain protective measures. The proposed changes to Rule 307B mirror the provisions in proposed Rule 203 for the process OCC would undertake in hearings on denials of Clearing Member applications or reapplications. OCC's proposed changes revise Rule 307B(b) by introducing new rule text in proposed Rule 307B(b)(1) and (b)(3) and revising existing rule text in proposed Rule 307B(b)(2).

Section (b) of Rule 307B provides a Clearing Member with a formal process to appeal any action taken under section (a) of Rule 307B. OCC's proposed changes to Rule 307B(b) specify that the Clearing Member must submit a ''written'' request for review to the Secretary of OCC within five business days of the date such action is taken. The addition of the word ''written'' clarifies the form the request must take, which OCC believes will help to ensure there is a documented record of the submission. OCC also proposes to relocate the existing requirement that the Risk Committee schedule an early hearing, with not less than one day's notice to the Clearing Member, to proposed Rule 307B(b)(2). In doing so, OCC would clarify that the notice period is one business day.

Similar to proposed Rule 203(b)(5), proposed Rule 307B(b)(1) outlines the requirements that a Clearing Member must fulfill after requesting a hearing for appeals of certain protective measures, including submitting a detailed written statement of objections and indicating their intent to attend the hearing and whether they will have legal representation. Specifically, proposed Rule 307B(b)(1) would provide that within seven (7) business days after the Clearing Member files such written request with OCC, the Clearing Member must submit to the Secretary of OCC a clear and concise statement setting forth with particularity the basis for its objection to the action, whether the Clearing Member or applicant intends to attend the hearing, and whether the Clearing Member or applicant chooses to be represented by counsel at the hearing. Additionally, proposed Rule 307B(b)(1) would include that OCC may extend a Clearing Member's time for submitting a written request for review or a written statement for good cause shown.

The process OCC would undertake in hearings on denials of Clearing Member applications or reapplications would be the same process for hearings on appeals of certain protective measures. As such, the provisions in proposed Rule 307B(b)(2) outline the procedural requirements for the hearing before the Risk Committee on appeals of certain protective measures. Proposed Rule 307B(b)(2) ensures the Clearing Member receives at least one business day's notice of the hearing's time and place and establishes that the hearing will follow the procedures already set forth in Rule 203(b)(6), rather than restating those same procedures here. Specifically, OCC's changes to proposed Rule 307B(b)(2) would provide that the Clearing Member will be given not less than one ''business'' day's notice of the place and time of such hear. OCC proposes to include the addition of one ''business'' day to clarify that the notice period cannot fall on a weekend or holiday. OCC's proposed changes also provide that ''the hearing before the Risk Committee will proceed pursuant to the procedures set forth in Rule 203(b)(6).'' OCC's proposed changes eliminate the remaining rule text in proposed Rule 307B(b)(2). OCC believes the stricken text is no longer necessary as the procedures it previously outlined, including the conduct of the hearing, representation by counsel, record-keeping, and written notification of the outcome, are now covered by the provisions set forth in proposed Rule 203(b)(6), which governs the hearing process.

Lastly, OCC proposes to incorporate proposed Rule 307B(b)(3), which establishes when a decision made under this Rule becomes final and requires OCC to provide the Clearing Member with a written notice of decision stating the grounds for the decision. Proposed Rule 307B(b)(3) states that OCC will provide the Clearing Member a notice of decision setting forth the specific grounds upon which the decision is based. In addition, proposed Rule 307B(b)(3) would provide that any decision made under this Rule will be final (i) when the Clearing Member stipulates to the taking of such action by OCC, at which time OCC will furnish the Clearing Member with its notice of decision, or (ii) upon the expiration of the applicable time period provided in these Rules for the filing of a written request for a hearing or a written statement, at which time OCC will furnish the Clearing Member with its notice of decision, or (iii) if a hearing is held, the date the Secretary of OCC provides a copy of the written notice of the decision to the Clearing Member. OCC believes that codifying these processes in its Rules helps to ensure clarity and transparency to Clearing Members by providing a defined framework for when a decision is considered final.

Proposed Rule 307C—Additional Operational, Personnel, Financial Resource and Risk Management Requirements

OCC's proposed changes to Rule 307C include five additional examples of protective measures that OCC may impose on a Clearing Member or applicant. The purpose in highlighting these five specific examples within OCC's Rules is to provide transparency to applicants, Clearing Members and the public on protective measures that OCC most commonly uses, or that OCC anticipates may be used in the future.

OCC's proposed changes provide that OCC may impose protective measures in the form of additional operational, personnel, financial resource, or risk management requirements, including, but not limited to: (i) requiring a financial guaranty from a Clearing Member's parent company or affiliate (proposed Rule 307C(b)); (ii) imposing limitations on a Clearing Member's financial leverage (*e.g.,* gross or adjusted leverage caps) (proposed Rule 307C(c)); (iii) requiring Clearing Members to fill a key risk management or operation role created by the loss of a Key Person, as defined in Rule 101 (proposed Rule 307C(f)); (iv) requiring Clearing Members to implement or enhance certain internal controls, procedures or systems (proposed Rule 307C(i)); and (v) requiring Clearing Members provide OCC with an independent assessment of the Clearing Member's financial projections, operational capabilities, AML controls or compliance with OFAC (proposed Rule 307C(l)).[51]

The protective measures described in proposed Rules 307C(b), 307C(c) and 307C(i) constitute OCC's current practices, and are already permissible pursuant to OCC's existing authority under Rule 307. OCC believes it is important to articulate its current practices in proposed Rule 307C to provide transparency to applicants, Clearing Members and the public. The proposed provisions in Rules 307C(f) and 307C(l) expand upon OCC's existing authority to impose protective measures. OCC believes these examples are consistent with the changes to Chapter II and III which enhance requirements for applicants and Clearing Members. Specifically, provision 307C(l) aligns with proposed Rule 204(e), which allows, in part, the Risk Committee, or its designated delegates or agents, to disapprove an

[51] The protective measures described in the above paragraph would be numbered as Rule 307C(b), 307C(c), 307C(f), 307C(i) and 307C(l), respectively. All other provisions in Rule 307C would be renumbered accordingly.

application for clearing membership if there are concerns with the results of an independent assessment, performed in the last 12–18 months, of an applicant's (a) AML program's compliance with the Banking Secrecy Act requirements or (b) OFAC Sanctions List and Sanctions list data. In addition, proposed provision 307C(f) introduces an example of protective measure related to a Key Person's departure from the Clearing Member. This provision aligns with proposed Rule 101 in defining the term Key Person in OCC's Rules.

OCC believes the proposed protective measures are necessary and appropriate to help ensure that OCC is able to address the various risks (including credit risk, liquidity risk, and operational risk) that may be presented by applicants or Clearing Members that do not comply, or who may be at risk of not complying in the future, with OCC's membership standards, present increased credit or liquidity risk to OCC, or are otherwise experiencing difficulties in their financial condition, operational capability, or risk management capability. By articulating the examples of protective measures that OCC believes it is already authorized to impose through proposed Rules 307C(b), 307C(c) and 307C(i), OCC is providing enhanced transparency to applicants and Clearing Members. For proposed Rules 307C(f) and 307C(l) that expand OCC's authority to impose a broader set of protective measures, OCC believes such expansion of authority is necessary and appropriate to equip OCC with necessary tools to mitigate risk introduced by applicants or Clearing Members that present a heightened risk profile. Based on OCC's crucial responsibility to provide financial stability and risk management to the U.S. listed-options marketplace, OCC believes it is prudent and reasonable to expand upon its ability to impose protective measures on applicants or Clearing Members that present a heightened risk profile. OCC believes the expansion of OCC's authority to impose such protective measures will provide OCC with the ability to better protect OCC, its Clearing Members, market participants and the public from emerging counterparty risks.

Proposed Rule 309—Reapplication for Membership

OCC's proposed change establishes new Rule 309 titled Reapplication for Membership. Proposed Rule 309(a) would provide that in connection with above events specified in Rule 306A(b)(1), OCC may: (i) require an existing Clearing Member to reapply for membership if OCC determines, in its sole discretion, that any such event has or is expected to have a material impact on the financial or operational condition or materially change the business strategy of such Clearing Member or (ii) apply protective measures necessary to address any new risks arising from any material change defined in sections A through E of Rule 306A(b)(1). In addition, proposed Rule 309(b) provides that if OCC determines that a Clearing Member must reapply for membership, the Clearing Member's access to OCC's services will remain active during the reapplication period; provided, however, that this Rule would not limit OCC's authority to impose protective measures under Rule 307 through 307C or suspend a Clearing Member pursuant to Rule 1102. Furthermore, proposed Rule 309(c) provides that any decision to suspend a Clearing Member following reapplication would be made pursuant to Rule 203.

The purpose of proposed Rule 309 is to strengthen OCC's risk mitigation tools by allowing OCC the ability to address Clearing Members' risk profiles that may have materially changed due to an event that occurred during their time of membership and that has impacted the Clearing Member in a material way. For example, if an existing Clearing Member is materially impacted financially or operationally by the sale of a large portion of its business such that the Clearing Member is unable to maintain the minimum capital requirements or the required number of risk management personnel, this may, in OCC's discretion, present a heightened risk profile. Therefore, OCC believes it would strengthen its risk mitigation practices to require, in certain circumstances, that the Clearing Member reapply for membership and allow OCC to re-examine whether the Clearing Member still meets OCC's membership standards based on the material change that has impacted the Clearing Member.

Under proposed Rule 309, the process for review of reapplications would align with the existing process for review of new applications, as described in proposed Rule 203, including the provisions for a hearing before the Risk Committee should the reapplying Clearing Member be denied. If OCC determines that a Clearing Member must reapply for membership, the requirement to reapply would not automatically result in restricting the Clearing Member's access to OCC's services. However, if, for example, a Clearing Member is required to reapply and the Clearing Member can no longer satisfy the minimum margin requirements during the reapplication process, OCC may determine to impose protective measures under Rules 307 through 307C or suspend the Clearing Member pursuant to 1102. In summary, the provisions in proposed Rule 309(a) through 309(c) would not impair OCC's authority to act under Rules 307 through 307C or 1102.

If OCC determines that a Clearing Member must reapply for membership under proposed Rule 309, the Clearing Member would follow the admission procedures for new applicants outlined in proposed Rule 203 and would be afforded the same rights under Rule 203 as any new applicant. As described above with respect to proposed Rule 203, the Risk Committee, or its designated delegates or agents, determines whether to approve or deny the reapplication and the Clearing Member would be given an opportunity to request a hearing before the Risk Committee and may be represented by counsel and present evidence on its behalf. OCC believes the Risk Committee is the appropriate governing body to hear and determine membership reapplication decisions because it is the Risk Committee that hears appeals of initial membership determinations under Rule 203 and limitations to membership under OCC Rule 307B, which present the same questions concerning the risks that an applicant or Clearing Member presents to OCC on a go-forward basis.[52]

Chapter XI—Suspension of a Clearing Member

Proposed Rule 1101

OCC's existing Rule 1101 outlines, in part, a Clearing Member's obligation to notify OCC if a Clearing Member is unable to meet its obligations, is insolvent, or becomes the subject of a bankruptcy petition, receivership proceeding or the equivalent. OCC proposes to relocate existing Rule 1102(b) to become new Rule 1101(b), which would provide that any Non-U.S. Clearing Member which has been expelled or suspended by its Non-U.S. Regulatory Agency or any securities exchange of which it is a member shall immediately so notify OCC. OCC does not propose to change the language of the relocated provision. Because Rule 1101 focuses on a Clearing Member's requirement to notify OCC, OCC believes it is more efficient to structure

[52] In contrast, while a Disciplinary Committee may impose suspension or expulsion as a sanction under Chapter XII of OCC's Rules, the questions presented to the Disciplinary Committee are limited to whether a Clearing Member has violated an OCC Rule and, if so, the appropriate sanction.

Rule 1101 to also include the notification requirement of a Non-U.S. Clearing Member. Therefore, OCC proposed changes relocate Rule 1102(b) to new Rule 1101(b) to include the requirement for Non-U.S. Clearing Member's to notify OCC. Subsequently, OCC's existing Rule 1101 would be new Rule 1101(a).

Proposed Rule 1102

OCC proposes to modify Rule 1102 to reorganize the existing rule structure to improve clarity and promote efficiency within OCC's Rules. OCC's proposed modifications to Rule 1102 organize the rule text into three separate sections: (i) proposed Rule 1102(a) ''Grounds for Suspension,'' (ii) proposed Rule 1102(b) ''Event of Default; Cease to Act,'' and (iii) proposed Rule 1102(c) ''Notice to the Board of Directors.'' OCC's proposed modifications also include relocating, without substantive revision, the Interpretation and Policies section under existing Rule 1102 as rule text.

Under proposed Rule 1102(a), OCC's proposed changes include the description titled ''Grounds for Suspension'' and incorporate eight subsections in proposed Rule 1102(a)(1) through (8) that outline OCC's grounds for suspension of a Clearing Member. The text of five of the eight subsections remains unchanged, as shown in proposed Rule 1102(a)(1) through Rule 1102(a)(4) and Rule 1102(a)(6). OCC's proposed changes in Rule 1102(a)(v) (renumbered as proposed rule 1102(a)(5)) reflect a reorganization without substantive changes, and the proposed changes in what would become proposed Rule 1102(a)(7) reflect textual updates to align with OCC's existing Rules. Lastly OCC proposes to adopt one new ground for summary suspension in proposed Rule 1102(a)(8).

To promote clarity, ease of readability and enhanced transparency to Clearing Members, OCC's proposed changes adopt the provisions in Interpretation and Policy .02 as proposed Rule 1102(a)(5)(A) through proposed Rule 1102(a)(5)(C). OCC's proposed changes to proposed Rule 1102(a)(5) also include subsequent conforming changes and additional grammatical modifications, such as using acronyms for terms already defined in OCC's Rules. To promote consistency and align with existing language in Rule 707 and Article VI, Section 25 of the By-Laws, OCC's proposed changes adopt subsection seven of proposed Rule 1102(a). Proposed Rule 1102(a)(7) provides, in part, that the Board of Directors or a Designated Officer of the Corporation may suspend any Clearing Member which is ''in default, or its affiliated CCO Clearing Member is in default, in the payment of funds or any other obligation in respect of sets of X–M accounts under Rule 707 or in respect of an internal non-proprietary cross-margining account under Article VI, Section 25 of the By-Laws.'' Finally, OCC proposes to adopt subsection eight of proposed Rule 1102(a) to align with the proposed provisions governing suspension of a Clearing Member following reapplication pursuant to proposed Rule 309. As previously described above, if OCC determines that a Clearing Member does not meet OCC's membership standards following the reapplication process under proposed Rule 309, OCC may determine to deny the Clearing Member, and such decision to deny clearing membership following reapplication will be made pursuant to proposed Rule 203. OCC proposes to adopt Rule 1102(a)(8), which provides, in part, that a Clearing Member may be suspended if it does not meet OCC's membership standards following reapplication under Rule 309, as determined by OCC. The purpose of this proposed change is to codify that following a determination to expel a member—whether upon a denial of a reapplication under proposed Rule 309 after affording the Clearing Member the process described in proposed Rule 203 or as a sanction for a violation of OCC's By-Laws and Rules under existing Chapter XII of the Rules—suspension of the Clearing Member may proceed in accordance with Chapter XI of the Rules (Suspension of a Clearing Member).

OCC proposes to adopt Rule 1102(b), titled ''Event of Default; Cease to Act.'' Under proposed Rule 1102(b), OCC proposes to relocate the text of current Interpretation and Policy .01 to new Rule 1102(b)(1) without substantive change.[53] Proposed Rule 1102(b)(1) provides, in part, that each event described in Rule 1102(a) constitutes an event of ''default'' with respect to a Clearing Member. OCC believes this proposed change is consistent with the proposed reorganization of the rule text and that such change will promote clarity and ease of readability. Furthermore, proposed Rule 1102(b)(2) reorganizes existing rule text and makes additional conforming changes so that Rule 1102(b)(2) provides, in part, that OCC shall cease to act for a suspended Clearing Member except as specified in this Chapter.

Lastly, OCC proposes to adopt Rule 1102(c), titled ''Notice to the Corporation,'' which relocates the existing rule text under 1102 to new Rule 1102(c).

OCC's changes to proposed Rule 1102(a) through 1102(c) also include other non-substantive, conforming changes that include formatting and grammatical modifications.

Chapter XII—Disciplinary Proceedings

Proposed Rule 1201

OCC proposes to update Rule 1201(a) to articulate certain specific examples to Clearing Members and the general public of events that may result in grounds for disciplinary proceedings at OCC. OCC's proposed changes also reorganize existing Rule 1201(a) to provide enhanced transparency and efficiency. OCC proposes to include new subsections two through five of Rule 1201(a) as examples of conduct that may embarrass the operations of OCC, as referenced in existing Rule 1201(a). OCC's proposed changes provide that such examples include but are not limited to: (i) the Clearing Member's failure to comply with a protective measure and failure to cure such failure to OCC's satisfaction within the cure period specified by OCC, (ii) the Clearing Member exhibits a pattern of providing late financial information or other information requested by OCC, (iii) the Clearing Member exhibits a pattern of providing OCC with false or misleading financial information such that, in the sole opinion of OCC, OCC can no longer fully assess or monitor the risk presented by the Clearing Member; or (iv) the Clearing Member or Key Person of the Clearing Member exhibits a pattern of regulatory or legal infraction such that, in the sole opinion of OCC, it creates a significant reputational risk for OCC. The purpose of including these specific examples of conduct that may lead OCC to censure, suspend, expel, fine or otherwise limit the activities, functions, or operations of the Clearing Member is to promote transparency with Clearing Members and to support a sound legal framework. OCC believes the proposed provisions will also foster accountability and promote clear communication with Clearing Members by articulating in OCC's Rules specific examples upon which OCC may rely to act. OCC believes the proposed modifications to Rule 1201(a) will strengthen its grounds for taking disciplinary action against a Clearing Member, improve its risk mitigation practices, and support its responsibility to promote financial stability and integrity to the marketplace. The examples provided in subsections one through five of proposed Rule 1201(a)

[53] The proposed Rule 1102(b)(1) would incorporate grammatical changes and updated cross-references to reflect the proposed organizational changes to Rule 1102(a) described above.

are not intended to be an exhaustive list of conduct that would violate OCC's By-Laws, Rules or procedures. Rather, OCC believes these referenced examples may be the most frequent violations, and therefore OCC believes it is appropriate to articulate such information.

OCC's proposed changes to Rule 1201(a) also reorganize the rule text to promote clarity and efficiency. OCC's proposed changes provide, in part, that OCC may censure, suspend, expel, ''fine'' or limit the activities, functions or operations of any Clearing Member for any violation of the By-Laws and Rules ''or procedures of the Corporation.'' OCC's proposed changes restructure the provision so that OCC's authority to fine a Clearing Member is more clearly described and is more consistent with the description of the other actions that OCC may take under Rule 1201(a). In reference to the provision that outlines OCC's ability to impose a disciplinary sanction on any Clearing Member for violation of OCC's By-Laws and Rules, OCC's proposed changes also encompass that such violation includes that of ''other statutory rules of the Corporation'' to align more closely with the text of the Exchange Act [54] and provide enhanced transparency to Clearing Members and the general public. The purpose of this change is to encompass a violation of OCC's statutory rules, as defined in OCC's By-Laws, rather than solely those rules memorialized in OCC's By-Laws and Rules. By reorganizing the introductory provision to include the reference to OCC's authority to fine a Clearing Member, OCC's proposed changes also eliminate the phrase that states ''The Corporation may, in addition to or in lieu of such sanctions, impose a fine on any Clearing Member for any violation of the By-Laws or Rules or procedures of or its agreements with Corporation or the correspondent clearing corporation.'' In addition, OCC's proposed changes reorganize the rule text so that subsection one under proposed Rule 1201(a) describes the example provided in existing Rule 1201(a) of a Clearing Member violation. Specifically, OCC's proposed changes adopt subsection one and provide, in part, that examples of conduct embarrassing the operations of OCC include, but are not limited to, the Clearing Member's failure to provide adequate personnel or facilities for its transactions with OCC or the correspondent clearing corporation. OCC's proposed changes to Rule 1201(a) also make other conforming, grammatical and non-substantive changes.

Finally, OCC's proposed changes eliminate the Interpretation and Policy .01 and adopt the same provision as Rule 1201(b) to promote clarity and consistency in Chapter XII. OCC believes it is more appropriate for the information in proposed Rule 1201(b) to be adopted as a separate rule under existing Rule 1201, rather than an interpretation to Rule 1201(a).

Proposed Rule 2212—Suspension of Clearing Member—Re-Matching in Suspension

OCC's existing Rule 2212 states that in the event a suspended Clearing Member has Matched-Book Positions, OCC will, upon notice to affected Clearing Members, close out the suspended Clearing Member's Matched-Book Positions to the greatest extent possible.[55] To mitigate risk in this specific scenario, OCC proposes to incorporate a provision in proposed Rule 2212(c) which would require that all Clearing Members that are participants of the Stock Loan/Hedge program must register their existing Master Securities Loan Agreement (''MSLA'') relationship within OCC's clearing system.

Under OCC's existing Rule 2212,[56] OCC already has the authority to rematch Stock Loan/Hedge positions in the event a defaulting member is borrowing shares from one Clearing Member and on-lending the same shares to another Clearing Member. OCC's rematching process gives priority to a pair of rematched Clearing Members who have registered with OCC an existing MSLA relationship. Once, and if, all registered MSLA relationships are exhausted in the rematching algorithm, OCC then rematches between a pair of Clearing Members who have not registered an existing MSLA relationship. Those pairings without an existing MSLA relationship recorded in OCC's clearing system are forced to promptly decide between executing a new MSLA (and conducting their processes to onboard a new counterparty) or closing out of the position under the current market conditions. The proposed revision to Rule 2212(c) would require Clearing Members to register their MSLAs with other OCC Clearing Members within OCC's clearing system, as opposed to the optional registration that exists currently, so that the rematching algorithm performs most optimally by pairing Clearing Members who already have existing relationships to mitigate these issues Clearing Members may face.

Lastly, throughout Rule 2212, OCC removed reference to ''Hedge'' Clearing Member as such term is no longer recognized as a defined term in OCC's Rules, pursuant to the Commission's prior approval.[57]

2. Statutory Basis

OCC believes the proposed rule change is consistent with Section 17A of the Exchange Act [58] and the rules thereunder applicable to OCC, including Rule 17Ad–22(e)(18),[59] Rule 17Ad–22(e)(2),[60] and Rule 17Ad–22(e)(1) [61] thereunder.

Section 17A(b)(4)(B) of the Act [62] provides that a clearing agency may deny participation to, or condition the participation of, any person if such person does not meet such standards of financial responsibility, operational capability, experience, and competence as are prescribed by the rules of the clearing agency. Additionally, Section 17A(b)(4)(B) of the Act [63] also provides that a registered clearing agency may examine and verify the qualifications of an applicant to be a participant in accordance with procedures established by the rules of the clearing agency. As described in greater detail herein, OCC's proposed rule change primarily modifies Chapters II and III of its Rules to strengthen and expand upon its conditions to admission and membership requirements applicable to applicants and existing Clearing Members. OCC's proposed changes in Chapters II and III detail OCC's standards of financial responsibility, operational capability, experience, and competence applicable to applicants and Clearing Members. More specifically, OCC's proposed changes to Chapter II of its Rules address, in part: (i) enhanced membership eligibility standards in proposed Rule 201 by requiring applicants maintain a minimum operating history of one year, (ii) enhanced operational capability requirements by requiring applicants maintain a physical office facility in proposed Rule 204, unless OCC deems the use of a remote office facility does not present heightened risk to OCC, and (iii) expansion on basis for OCC's denial of membership in proposed Rule 204. Additionally, OCC's proposed changes to Chapter III of its Rules address, in

[54] 15 U.S.C. 78c(a)(27).

[55] *See supra* note 3 at Rule 2212(a).

[56] *See supra* note 3 at Rule 2212(c).

[57] *See supra* note 4.

[58] 15 U.S.C. 78q–1.

[59] 17 CFR 240.17Ad–22(e)(18).

[60] 17 CFR 240.17Ad–22(e)(2).

[61] 17 CFR 240.17Ad–22(e)(1).

[62] 15 U.S.C. 78q–1(b)(4)(B).

[63] *Id.*

part, a Clearing Member's: (i) financial responsibilities related to requiring risk-based minimum capital levels in proposed Rule 301, (ii) operational capability obligations related to maintaining a physical office facility in proposed Rule 302, unless OCC deems the use of a remote office facility does not present heightened risk to OCC, (iii) responsibilities on employment of risk management personnel in proposed Rule 303 and (iv) notification and reporting requirements in proposed Rule 306. OCC's proposed changes to Chapters II and III are intended to assist OCC in reviewing, examining, verifying and ultimately approving or disapproving applications for clearing membership. Under the proposed rule change, OCC retains its authority to suspend, deny or otherwise condition the participation of any applicant or Clearing Member that does not meet the applicable membership standards. Therefore, OCC believes that the proposed rule change promotes the purposes of Section 17A(b)(4)(B) of the Act.[64]

Section 17A(b)(3)(F) of the Act [65] requires, among other things, that the rules of a clearing agency be designed, in part, to promote the prompt and accurate clearance and settlement of securities transactions and to assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible. OCC believes its proposed changes to Chapters II and III are consistent with Section 17A(b)(3)(F) of the Act [66] as it relates to confidential treatment of non-public information and the obligations applicable to OCC and its participants. Proposed Rules 203(f) and 306(b) establish a standard relating to OCC's obligation to maintain the confidentiality of information it collects from participants to assess each participant's compliance with OCC's membership requirements. OCC believes the proposed change establishes a uniform standard that will help OCC meet its obligations and will also help each participant better understand OCC's obligations for maintaining the confidential information it shares with OCC. OCC believes this will better facilitate the sharing of such information and improve OCC's ability to evaluate its participants' eligibility to access OCC's clearing and settlement services. Additionally, proposed Rules 203(f) and 207(d) establish a standard relating to an applicant or Clearing Member's obligation to maintain OCC Confidential Information in confidence. By establishing uniform participant confidentiality requirements, OCC believes this will help each participant better understand its rights and obligations for maintaining the confidential information which will help to promote participant compliance. Therefore, OCC believes the proposed changes to establish OCC and participant confidentiality obligations are consistent with the prompt and accurate clearing and settlement of securities specified in Section 17A(b)(3)(F) of the Act.[67]

OCC believes the proposed rule change is consistent with Section 17A(b)(5)(B) of the Act, which provides, in part, that in any proceeding by a registered clearing agency to determine whether a person shall be denied participation with respect to access to services offered by the clearing agency, the clearing agency must notify such person of, and give him an opportunity to be heard upon, the specific grounds for denial or prohibition or limitation under consideration and keep a record.[68] Furthermore, Section 17A(b)(5)(B) of the Act provides, in part, that determination to deny participation must be supported by a statement setting forth the specific grounds on which the denial or prohibition or limitation is based.[69] OCC believes the denial of a Clearing Member following reapplication, as described in proposed Rule 309(c), is consistent with Section 17A(b)(5)(B) of the Act. Proposed Rule 309(c) provides that any decision to deny clearing membership following reapplication will be made pursuant to Rule 203. The admission procedures described in Rule 203 already provide for the requirements outlined in Section 17A(b)(5)(B) of the Act, specifically in proposed Rules 203(b)(3) and (4). In the event the Risk Committee, or its designated delegates or agents, deny an application or reapplication for clearing membership, proposed Rule 203(b)(3) states that the Risk Committee must first furnish the applicant with a written statement of its proposed recommendation and the specific grounds therefore, and afford the applicant an opportunity to be heard and to present evidence on its own behalf. Furthermore, proposed Rules 203(b)(4) through (b)(6) codifies the specific processes that OCC would undertake in hearings before the Risk Committee for appeals of certain protective measures, or in hearings on denials of Clearing Member applications or reapplications. OCC believes this detailed process outlined in proposed Rule 203(b)(4) through (b)6) will promote greater transparency for Clearing Members and applicants with respect to denial of participation and the procedures afforded to them. As such, OCC believes proposed Rule 203 aligns with the requirements in Section 17A(b)(5)(B) of the Act. Furthermore, proposed Rule 203(b)(8) mirrors existing Interpretation and Policy .01 to Rule 1201 (*i.e.,* proposed Rule 1201(b)), which provides the same with respect to a suspension or expulsion following disciplinary proceedings in Chapter XII. Because OCC's proposed Rule 309(c) provision to deny a Clearing Member following reapplication will be made pursuant to Rule 203, OCC believes proposed Rule 309(c) is consistent with Section 17A(b)(5)(B) of the Act.

OCC believes the proposed rule change is also consistent with Section 17A(b)(3)(H) of the Act [70] and Section 17A(b)(5) of the Act.[71] Section 17A(b)(3)(H) of the Act requires, in part, that the rules of a clearing agency, in general, provide a fair procedure with respect to denial of participation to any person seeking participation therein.[72] Section 17A(b)(3)(H) of the Act also requires that the clearing agency's rules are in accordance with Section 17A(b)(5) of the Act, which outlines the procedures to be followed by a clearing agency in disciplining participants.[73] The proposed rule change seeks to expand certain delegation of authority from the Risk Committee to the Risk Committee's designated delegates or agents in determining to approve or deny an applicant. OCC is not seeking to change its current appellate process for applicants that have been denied membership. In addition, OCC is not seeking to change the process for disciplining participants. Rather, OCC seeks to expand certain delegation of authority from the Risk Committee to the Risk Committee's designated delegates or agents in determining the approval or denial of an applicant. Specifically, proposed Rule 203(b) expands authority so that the Risk Committee, or its designated delegates or agents, must determine whether to approve or deny applications for clearing membership. If an applicant is denied membership, OCC's current practices under existing Rule 203(a) provides, in part, that the applicant, if denied by the Risk Committee, is given

[64] 15 U.S.C. 78q–1(b)(4)(B).

[65] 15 U.S.C. 78q–1(b)(3)(F).

[66] *Id.*

[67] *Id.*

[68] 15 U.S.C. 78q–1(b)(5)(B).

[69] *Id.*

[70] 15 U.S.C. 78q–1(b)(3)(H).

[71] 15 U.S.C. 78q–1(b)(5).

[72] 15 U.S.C. 78q–1(b)(3)(H).

[73] 15 U.S.C. 78q–1(b)(5).

a written statement with the specific grounds for denial, and the applicant has the opportunity to be heard by the Risk Committee and to present evidence on its own behalf.[74] OCC is not seeking to change this process. If an applicant is denied membership by the Risk Committee's designated delegates or agents, as proposed Rule 203(b) authorizes the Risk Committee's designated delegates or agents to do so, the applicant would still be given the opportunity to be heard by the Risk Committee. OCC believes its current process provides for a fair procedure with respect to denial of participation. Because OCC is not seeking to change its current appellate process for applicants denied membership, OCC believes its proposed changes related to delegated authority process under this proposed rule change are consistent with Section 17A(b)(3)(H) of the Act and Section 17A(b)(5) of the Act. OCC believes the proposed rule change is also consistent with proceedings under Section 17A(b)(5)(B) of the Act,[75] which requires, in part, that ''in any proceeding by a registered clearing agency to determine whether a person shall be denied participation or prohibited or limited with respect to access to services offered by the clearing agency, the clearing agency shall notify such person of, and give him an opportunity to be heard upon, the specific grounds for denial.'' OCC believes that proposed Rule 1201(a) is consistent with Section 17A(b)(5)(B) of the Act[76] because proposed Rule 1201(a) articulates explicit examples that may result in grounds for OCC's denial, prohibition or limitation on a Clearing Member's access under OCC's disciplinary proceedings. Proposed Rule 1201(a) describes specific examples, but does not provide an exhaustive list, of potential violations of OCC's By-Laws and Rules, which promotes transparency and specificity to Clearing Members and the general public on possible grounds for such disciplinary proceedings.

OCC believes the proposed rule change is consistent with Rule 17Ad–22(e)(18).[77] Rule 17Ad–22(e)(18)[78] requires a clearing agency, in part, to ''[e]stablish objective, risk-based, and publicly disclosed criteria for participation'' that ''permit fair and open access'' and ''require participants to have sufficient financial resources and robust operational capacity to meet obligations arising from participation in the clearing agency.'' The primary purpose of the proposed rule change is to improve OCC's existing financial and operational membership standards and strengthen its reporting requirements to continue to permit fair and open access and to further mitigate counterparty credit risks introduced by Clearing Members. The proposed changes establish requirements to help ensure that applicants and Clearing Members maintain sufficient financial resources and robust operational capacity to meet obligations arising from participation at OCC. With respect to requiring that participants have sufficient financial resources, the proposed rule change establishes in proposed Rule 301 the ability for OCC to, in its sole discretion, implement risk-based minimum capital levels for Clearing Members that are higher than those already specified in OCC's Rules. As described in further detail above, the bases and processes for applying risk-based minimum capital levels would be detailed in the Procedure and such information would be publicly disclosed in OCC's pre-qualification form. The proposed rule change also clarifies and expands upon OCC's existing authority to deny an applicant for clearing membership in proposed Rule 204(e), including but not limited to, if such applicant poses elevated risk due to the amount or degree of financial leverage maintained by the applicant. With respect to requiring that participants maintain robust operational capability, the proposed rule change establishes eligibility criteria for Clearing Members to maintain a one-year minimum operating history in proposed Rule 201. The proposed rule change also establishes new provisions and modifies existing provisions set forth in proposed Rules 204(g), 302 and 303 as it relates to OCC's operational capability, experience, and competence standards and related resources for applicants and Clearing Members. This includes, among other things, the requirement for participants to maintain a minimum total number of personnel and risk management personnel, and the requirement to maintain physical office facilities utilized to conduct business with OCC, unless OCC deems such remote office facility does not pose heightened risk to OCC. OCC believes that an applicant or Clearing Member's use of a fully remote office model, as opposed to a hybrid model, may introduce communication challenges for OCC and the applicant or Clearing Member's staff as well as pose operational risk to OCC that could be mitigated through an in-person office visit or on-site exam. Therefore, OCC believes it is necessary to implement requirements surrounding physical office facilities to promote operational resiliency. OCC believes these proposed changes promote the purposes of Rule 17Ad–22(e)(18).[79]

Rule 17Ad–22(e)(18)[80] also requires a clearing agency to monitor for compliance with its participation requirements on an ongoing basis. OCC believes the proposed rule change is consistent with this requirement because it enhances and otherwise clarifies OCC's ongoing monitoring of Clearing Member's participation requirements by strengthening its early warning notice and periodic reporting requirements for Clearing Members under proposed Rules 306A and 306B. Proposed Rule 309 strengthens OCC's ongoing monitoring of Clearing Members by providing OCC with the ability to require Clearing Members to reapply for membership or to apply protective measures necessary to address risks arising from any material change impacting the financial or operational condition of the Clearing Member. The proposed rule change expands upon OCC's reporting requirements for Clearing Members, including the obligation for Clearing Members, upon OCC's request, to provide OCC with their parent or affiliate's audited financial statements in proposed Rule 306B. Furthermore, the proposed rule change adopts additional protective measures under proposed Rule 307C, including but not limited to, restrictions on a Clearing Member related to the departure of a Key Person from their management team, and requirements to obtain an independent assessment of the Clearing Member or applicant's financial projections or operational capabilities. The proposed rule change subjects Clearing Members to each of these financial and operational membership standards in a non-discriminatory manner under OCC's Rules. As such, OCC believes that these enhanced financial, reporting, and operational membership standards promote the requirements of Rule 17Ad–22(e)(18).[81]

OCC believes the proposed rule change is also consistent with Rule 17Ad–22(e)(2).[82] Rule 17Ad–22(e)(2) requires, among other things, that OCC establish, implement, maintain and enforce written policies and procedures reasonably designed to provide for

[74] *See supra* note 3 at Rule 203(a).

[75] 15 U.S.C. 78q–1(b)(5)(B).

[76] *Id.*

[77] 17 CFR 240.17Ad–22(e)(18).

[78] 17 CFR 240.17Ad–22(e)(18)(i)–(ii).

[79] 17 CFR 240.17Ad–22(e)(18).

[80] 17 CFR 240.17Ad–22(e)(18)(iii).

[81] *Id.*

[82] 17 CFR 240.17Ad–22(e)(2).

governance arrangements that are clear and transparent and specify clear and direct lines of responsibility.[83] Proposed Rules 203 and 204 provide, in part, changes to expand certain delegation of authority from the Risk Committee to the Risk Committee's designated delegates or agents in the approval or denial of applications for clearing membership and business expansions requests at OCC. OCC believes the proposed rule change outlines in a clear, direct, and transparent manner the lines of responsibility in the approval or denial of membership applicants and business expansions. Proposed Rules 203 and 204 describe that new membership decisions and business expansion requests are not required to be presented to the Risk Committee at the regularly scheduled Risk Committee meetings. By vesting the authority to approve or deny certain applicants for clearing membership to the Risk Committee's designated delegates or agents, as described in proposed Rule 203(b), OCC will not subject all applicants for clearing membership to the regular meeting cycle of the Board or Risk Committee. This, in turn, will streamline the decision-making process by eliminating the need to wait until the next quarterly scheduled Risk Committee meeting to determine whether such applicant or business expansion is approved. Similarly, by modifying Rule 203 to provide that business expansion requests may be reviewed and approved or disapproved by the Risk Committee, or its designated delegates or agents, pursuant to the procedures of OCC, OCC believes this sets forth clear governance arrangements while also streamlining the decision process so that not every business expansion request will be required to be presented to the Risk Committee. As such, OCC believes the proposed change promotes the requirements of Rule 17Ad–22(e)(2).[84]

OCC believes the proposed rule change is also consistent with Rule 17Ad–22(e)(1).[85] Rule 17Ad–22(e)(1) requires, in part, that OCC establish, implement, maintain and enforce written policies and procedures reasonably designed to provide for a well-founded, clear, transparent, and enforceable legal basis for each aspect of its activities in all relevant jurisdictions.[86] As described in more detail above, the primary reason for the proposed rule change is to enhance OCC's onboarding requirements and surveillance of existing Clearing Members to reduce counterparty credit risk introduced by Clearing Members. In addition, the proposed rule change also makes certain organizational, administrative, and clarifying changes to its Rules to provide greater clarity and transparency, and to promote efficient administration of the Rules. For example, proposed Rule 204(e) articulates examples under OCC's existing authority to deny an applicant for membership if such applicant poses elevated risk to OCC. OCC believes that articulating examples in its Rules provides enhanced transparency to applicants and the general public. As such, OCC believes the proposed rule change promotes the purposes of Rule 17Ad–22(e)(1).[87]

(B) Clearing Agency's Statement on Burden on Competition

Section 17A(b)(3)(I) of the Act[88] requires that the rules of a clearing agency not impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. OCC does not believe that the proposed rule changes would impact or impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change is generally intended to improve upon OCC's existing financial and operational membership standards to mitigate counterparty credit risk introduced by Clearing Members. With the exception of OCC's proposed change to implement risk-based minimum capital levels, OCC believes the proposed rule change imposes the enhanced financial and operational membership standards uniformly on all applicants and Clearing Members within a particular category of institution, and whenever possible, uniformly across all Clearing Members irrespective of category.

OCC's proposed Rule 301 provides, in part, that OCC may establish and impose risk-based minimum capital levels on Clearing Members to further mitigate risk to OCC. OCC acknowledges that this proposed change establishing the ability for OCC to implement risk-based minimum capital levels, higher than those already specified in its Rules, may present a burden on competition among certain Clearing Members. Specifically, smaller Clearing Members that maintain a smaller level of capital may be impacted more than larger Clearing Members that maintain larger capital pools. While OCC understands that establishing risk-based minimum capital levels may impact certain Clearing Members over others, OCC believes the establishment of risk-based minimum capital levels is necessary and appropriate in furtherance of the purposes of the Act. OCC's intention in establishing risk-based minimum capital levels is to strengthen its risk management practices. As the central counterparty for all listed options in the U.S., OCC has an obligation to address and manage risk, including counterparty credit risk introduced by its Clearing Members. OCC believes it is necessary to maintain the ability to impose risk-based minimum capital levels so that OCC can prevent financial risk from impacting other Clearing Members. If, for example, a Clearing Member presents, in OCC's discretion, a highly leveraged profile, short operating history, an inadequate liquidity profile, a business strategy that is high risk, weak profitability, weak internal risk controls, or insufficient personnel, OCC believes that such Clearing Member may present greater credit and liquidity risks to OCC that may impact OCC's ability to comply with the requirements of the Act applicable to clearing agencies. Therefore, OCC believes the burden imposed on certain Clearing Members that may be impacted by risk-based minimum capital levels is outweighed by the critical responsibility that OCC maintains in managing risk to OCC, its Clearing Members, and the U.S. listed options market.

OCC believes the proposed rule change would continue to provide for objective and risk-based standards that balance fair and open access with prudent qualification standards while ensuring its membership base is appropriately capitalized to support the prompt and accurate clearance and settlement of securities transactions and derivative agreements, contracts and transactions cleared by OCC, the safeguarding of securities and funds in the custody or control of OCC or for which it is responsible, and the protection of investors and the public interest in accordance with Section 17A(b)(3)(F) of the Act.[89]

For the foregoing reasons, OCC believes that the proposed rule change is in the public interest, would be consistent with the requirements of the Act applicable to clearing agencies, and would not impact or impose a burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

[83] 17 CFR 240.17Ad–22(e)(2)(i),(v).

[84] *Id.*

[85] 17 CFR 240.17Ad–22(e)(1).

[86] 17 CFR 240.17Ad–22(e)(1).

[87] *Id.*

[88] 15 U.S.C. 78q–1(b)(3)(I).

[89] 15 U.S.C. 78q–1(b)(3)(F).

(C) Clearing Agency's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others

Written comments were not and are not intended to be solicited with respect to the proposed change and none have been received.

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

Within 45 days of the date of publication of this notice in the **Federal Register** or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) by order approve or disapprove such proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be disapproved.

The proposal shall not take effect until all regulatory actions required with respect to the proposal are completed.

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–OCC–2026–009 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–OCC–2026–009. 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 such filing will be available for inspection and copying at the principal office of OCC and on OCC's website at *https://www.theocc.com/Company-Information/Documents-and-Archives/By-Laws-and-Rules.* 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–OCC–2026–009 and should be submitted on or before September 29, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[90]

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2026–18211 Filed 9–4–26; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–106261; File No. SR–TXSE–2026–024]

Self-Regulatory Organizations; Texas Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Permit a New Issue ETPs To Commence Trading at the Beginning of the Pre-Market Session

September 2, 2026.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on August 31, 2026, Texas Stock Exchange LLC (the "Exchange" or "TXSE") filed with the Securities and Exchange Commission ("Commission") a proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange is filing with the Securities and Exchange Commission ("Commission") a proposed rule change to amend Rule 11.022 to permit a New Issue ETP, as defined below, to commence trading at the beginning of the Pre-Market Session[3] unless its issuer elects to have the security participate in an IPO Auction. The text of the proposed rule change is available on the Commission's website (*https://www.sec.gov/rules/sro.shtml*) at the Exchange's website (*https://www.txse.com/regulations/rules-filings*), 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 parts of such statements.

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

1. Purpose

The Exchange proposes to amend Rule 11.022(d)(2)(E) to provide that a New Issue ETP will commence trading at the beginning of the Pre-Market Session unless its issuer elects to have the security participate in an IPO Auction. The Exchange also proposes: (i) to add a definition of "New Issue ETP" in Rule 11.022(a); and (ii) to make non-substantive conforming changes to Rule 11.022(d)(2)(E) by creating subsections (i) and (ii) to delineate the IPO Auction and Halt Auction price determinations. The proposal is modeled on Cboe BZX Exchange, Inc. ("BZX") functionality that permits a New Issue ETP to commence trading in the early trading session[4] and adopts the same policy default as The Nasdaq Stock Market LLC ("Nasdaq") for new ETPs: commencement of trading at the beginning of the pre-market session unless the issuer elects a delayed IPO-style process.[5]

Current functionality provides that a newly listed ETP will begin trading pursuant to an IPO Auction for ETPs under Rule 11.022(d). The Exchange is proposing to adopt new Rule 11.022(d)(2)(E)(i)(a) which provides that

[90] 17 CFR 200.30–3(a)(12).

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

[2] 17 CFR 240.19b–4.

[3] *See* Rule 1.005(v).

[4] *See* Securities Exchange Act Release No. 104037 (September 24, 2025) 90 FR 46690 (September 29, 2025) (SR–CboeBZX–2025–130) (notice of filing and immediate effectiveness of proposed rule change to permit a New Issue ETP to elect to commence trading in the BZX Early Trading Session) (the "BZX Filing").

[5] *See* Securities Exchange Act Release No. 103085 (May 20, 2025), 90 FR 22424 (May 27, 2025) (SR–Nasdaq–2025–011) (order approving optional Initial ETP Open process) (the "Nasdaq Approval Order").

a New Issue ETP will commence trading at the beginning of the Pre-Market Session unless the issuer elects to have the security participate in an IPO Auction. For a New Issue ETP that commences trading in the Pre-Market Session, the TXSE Official Opening Price determined pursuant to Rule 11.022(b)(2)(B) will also constitute the TXSE Official IPO Opening Price.

The Exchange proposes to define the term ''New Issue ETP'' as ''a security listed on the Exchange pursuant to Chapter 17 that is eligible to participate in an IPO Auction pursuant to Rule 11.022(d).''

Finally, the Exchange proposes to bifurcate Rule 11.022(d)(2)(E) into subsections (i) and (ii) to delineate more clearly the determination of the IPO Auction price and the Halt Auction price. Proposed Rule 11.022(d)(2)(E)(i) retains the existing IPO Auction price-determination standard, including the issuing-price tie breaker, and provides that the IPO Auction price will be the TXSE Official IPO Opening Price. Proposed Rule 11.022(d)(2)(E)(ii) retains the existing Halt Auction price-determination standard, including the Final Last Sale Eligible Trade tie breaker. These changes are non-substantive and reorganize existing rule text for clarity and readability.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Act and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.[6] Specifically, the Exchange believes the proposed rule change is consistent with the objectives of 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) requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the proposed rule change will remove impediments to and perfect the mechanism of a free and open market and national market system and will benefit investors by providing market participants with additional opportunities to source and access liquidity for their orders in new issue ETPs on the Exchange. The proposal responds to feedback from ETP issuers that earlier trading opportunities may be desirable for certain new issue ETPs. The Exchange believes that an issuer is best situated to decide whether its New Issue ETP should commence trading in the Pre-Market Session or through the IPO Auction. The proposal will not alter the operation of the Pre-Market Session; it will permit a New Issue ETP to begin trading at 8:00 a.m. ET in the same manner as other TXSE-Listed Securities eligible to trade during that session. The proposal also preserves the IPO Auction as an issuer-elected alternative for an issuer that prefers that process.

The Exchange believes that proposed rule change raises no novel issues because the proposed treatment is consistent with the Commission-approved functionality of Nasdaq and BZX that permits new issue ETPs to commence trading in an early or pre-market session or to use an issuer-selected delayed opening process.[8]

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe that the proposed rule change will impose any burden on intra-market competition that is not necessary or appropriate because all New Issue ETPs will be subject to the same default commencement of trading in the Pre-Market Session and the same issuer election to use the IPO Auction. The Exchange also does not believe that the proposed rule change will impose any burden on intermarket competition; rather, it may promote competition by allowing TXSE to offer functionality comparable to that available on Nasdaq and BZX.

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 written 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)(iii) [9] of the Act and Rule 19b–4(f)(6) [10] thereunder in that it effects a change that: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.

A proposed rule change filed under Rule 19b–4(f)(6) normally does not become operative prior to 30 days after the date of filing. However, Rule 19b–4(f)(6)(iii),[11] permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay. The Exchange states that waiver of the operative delay will allow it to promptly offer the option for a New Issue ETP to commence trading at the beginning of the Pre-Market Session. The Exchange states that proposal will permit investors to trade certain new issue ETPs earlier in the day, while preserving the IPO Auction as an issuer-elected alternative for an issuer that prefers that process. The Exchange also states that it believes that the proposal raises no new or novel regulatory issues.[12] For the foregoing reasons, the Commission finds that waiver of the operative delay is consistent with the protection of investors and the public interest. Accordingly, the Commission hereby waives the operative delay and designates the proposal operative upon filing.[13]

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the

[6] 15 U.S.C. 78f(b).

[7] 15 U.S.C. 78f(b)(5).

[8] *See* Nasdaq Approval Order, supra note 5, at 22427–30 and BZX Filing, supra note 4, at 3–4, 7–9.

[9] 15 U.S.C. 78s(b)(3)(A)(iii).

[10] 17 CFR 240.19b–4(f)(6). In addition, Rule 19b–4(f)(6)(iii) requires the Exchange to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

[11] 17 CFR 240.19b–4(f)(6)(iii).

[12] *See* BZX Filing, supra note 4, at 7–9.

[13] For purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

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 proposal 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 No. SR–TXSE–2026–024 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 No. SR–TXSE–2026–024. 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–TXSE–2026–024 and should be submitted on or before September 29, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[14]

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2026–18208 Filed 9–4–26; 8:45 am]

BILLING CODE 8011–01–P

[14] 17 CFR 200.30–3(a)(12), (59).

SECURITIES AND EXCHANGE COMMISSION

[OMB Control No. 3235–0272]

Agency Information Collection Activities; Proposed Collection; Comment Request; Extension: Rule 11a–2

Upon Written Request, Copies Available From: Securities and Exchange Commission, Office of FOIA Services, 100 F Street NE, Washington, DC 20549–2736.

Notice is hereby given that, pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*), the Securities and Exchange Commission (''SEC'' or ''Commission'') is soliciting comments on the proposed collection of information discussed below.

Rule 11a–2 (17 CFR 270.11a–2) under the Investment Company Act of 1940 (15 U.S.C. 80a-1 *et seq.*) permits certain registered insurance company separate accounts, subject to certain conditions, to make exchange offers without prior approval by the Commission of the terms of those offers. Rule 11a–2 requires disclosure, in certain registration statements filed pursuant to the Securities Act of 1933 (15 U.S.C. 77a *et seq.*) of any administrative fee or sales load imposed in connection with an exchange offer.

The Commission staff estimates that 656 registrants are governed by Rule 11a–2. Based on this estimate, the total annual burden hours associated with the rule is estimated to be 656 hours. The estimated burden hours associated with rule 11a–2 has decreased by 1 hour from the current allocation of 657 hours. The decrease is due to a decrease in the number of registrants. The estimated external cost associated with this collection of information continues to be $0. The Commission includes the estimated burden of complying with the information collection required by Rule 11a–2 in the total number of burden hours estimated for completing the relevant registration statements and reports the burden of Rule 11a–2 in the separate Paperwork Reduction Act (''PRA'') submissions for those registration statements (see the separate PRA submissions for Form N–3 (17 CFR 274.11b), Form N–4 (17 CFR 274.11c) and Form N–6 (17 CFR 274.11d). The Commission is requesting a burden of one hour for Rule 11a–2 for administrative purposes.

The estimate of average burden hours is made solely for the purposes of the PRA and is not derived from a comprehensive or even a representative survey or study of the costs of Commission rules or forms. The information collection requirements imposed by Rule 11a–2 are mandatory. Responses to the collection of information will not be kept confidential.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB Control Number.

Written comments are invited on: (a) whether this proposed collection of information is necessary for the proper performance of the functions of the SEC, including whether the information will have practical utility; (b) the accuracy of the SEC's estimate of the burden imposed by the proposed collection of information, including the validity of the methodology and the assumptions used; (c) ways to enhance the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated, electronic collection techniques or other forms of information technology.

Please direct your written comments on this 60-Day Collection Notice to Austin Gerig, Director/Chief Data Officer, Securities and Exchange Commission, c/o Tanya Ruttenberg via email to *PaperworkReductionAct@sec.gov* by November 9, 2026.

Dated: September 3, 2026.

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2026–18255 Filed 9–4–26; 8:45 am]

BILLING CODE 8011–01–P

DEPARTMENT OF STATE

[Public Notice: 13119]

Termination of Iran, North Korea, and Syria Nonproliferation Act Measures Against ROK Entity

ACTION: Notice.

SUMMARY: A decision has been made, pursuant to the Iran, North Korea, and Syria Nonproliferation Act, to terminate nonproliferation measures pursuant to this Act on an ROK entity.

DATES: September 8, 2026.

FOR FURTHER INFORMATION CONTACT: On general issues: Pam Durham, Office of WMD and Missile Controls, Bureau of Arms Control and Nonproliferation, Department of State, Telephone (202) 647–4930. Email: *acn-wmc-sanctions@state.gov.* For U.S. Government procurement ban issues: Eric Moore, Office of the Procurement Executive, Department of State, Telephone: (703) 875–4079. Email: *mooreen@state.gov.*

SUPPLEMENTARY INFORMATION: Pursuant to the Iran, North Korea, and Syria Nonproliferation Act (Pub. L. 106–178), the U.S. Government decided on August 27, 2026, to terminate measures imposed on January 22, 2026 (see Volume 91 FR Public Notice 3625) on the ROK entity JS Research Inc., and any successor, sub-unit, or subsidiary thereof.

Christopher T. Yeaw,

Assistant Secretary for Arms Control and Nonproliferation, Department of State.

[FR Doc. 2026–18222 Filed 9–4–26; 8:45 am]

BILLING CODE 4710–27–P

DEPARTMENT OF TRANSPORTATION

Federal Motor Carrier Safety Administration

[Docket No. FMCSA–2026–0043]

Qualification of Drivers; Exemption Applications; Epilepsy and Seizure Disorders

AGENCY: Federal Motor Carrier Safety Administration (FMCSA), Department of Transportation (DOT).

ACTION: Notice of applications for exemption; request for comments.

SUMMARY: FMCSA announces receipt of applications from four individuals for an exemption from the prohibition in the Federal Motor Carrier Safety Regulations (FMCSRs) against persons with a clinical diagnosis of epilepsy or any other condition that is likely to cause a loss of consciousness or any loss of ability to control a commercial motor vehicle (CMV) to drive in interstate commerce. If granted, the exemptions would enable these individuals who have had one or more seizures and are taking anti-seizure medication to operate CMVs in interstate commerce.

DATES: Comments must be received on or before October 8, 2026.

ADDRESSES: You may submit comments identified by Docket No. FMCSA–2026–0043 using any of the following methods:

- *Federal eRulemaking Portal:* Go to *www.regulations.gov,* insert the docket number (FMCSA–2026–0043) in the keyword box and click ‘‘Search.’’ Next, choose the only notice listed, and click on the ‘‘Comment’’ button. Follow the online instructions for submitting comments.
- *Mail:* Dockets Operations, U.S. Department of Transportation, 1200 New Jersey Avenue SE, W58–213, Washington, DC 20590–0001.
- *Hand Delivery or Courier:* Dockets Operations, U.S. Department of Transportation, 1200 New Jersey Avenue SE, W58–213, Washington, DC 20590–0001, between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays.
- *Fax:* (202) 493–2251.

To avoid duplication, please use only one of these four methods. See the ‘‘Public Participation’’ portion of the **SUPPLEMENTARY INFORMATION** section for instructions on submitting comments.

FOR FURTHER INFORMATION CONTACT: Ms. Christine A. Hydock, Chief, Medical Programs Division, FMCSA, DOT, 1200 New Jersey Avenue SE, Washington, DC 20590–0001; (202) 366–4001; *fmcsamedical@dot.gov.* Office hours are 8:30 a.m. to 5 p.m. ET Monday through Friday, except Federal holidays.

SUPPLEMENTARY INFORMATION:

I. Public Participation

A. Submitting Comments

If you submit a comment, please include the docket number for this notice (FMCSA–2026–0043), indicate the specific section of this document to which each comment applies, and provide a reason for each suggestion or recommendation. You may submit your comments and material online or by fax, mail, or hand delivery, but please use only one of these means. FMCSA recommends that you include your name and a mailing address, an email address, or a phone number in the body of your document so that FMCSA can contact you if there are questions regarding your submission.

To submit your comment online, go to *https://www.regulations.gov/docket/FMCSA-2026-0043.* Next, choose the only notice listed, click the ‘‘Comment’’ button, and type your comment into the text box on the following screen. Choose whether you are submitting your comment as an individual or on behalf of a third party and then submit.

If you submit your comments by mail or hand delivery, submit them in an unbound format, no larger than 8½ by 11 inches, suitable for copying and electronic filing. FMCSA will consider all comments and material received during the comment period.

B. Confidential Business Information (CBI)

CBI is commercial or financial information that is both customarily and actually treated as private by its owner. Under the Freedom of Information Act (5 U.S.C. 552), CBI is exempt from public disclosure. If your comments responsive to the notice contain commercial or financial information that is customarily treated as private, that you actually treat as private, and that is relevant or responsive to the notice, it is important that you clearly designate the submitted comments as CBI. Please mark each page of your submission that constitutes CBI as ‘‘PROPIN’’ to indicate it contains proprietary information. FMCSA will treat such marked submissions as confidential under the Freedom of Information Act, and they will not be placed in the public docket of the notice. Submissions containing CBI should be sent to Brian Dahlin, Chief, Regulatory Evaluation Division, Office of Policy, FMCSA, 1200 New Jersey Avenue SE, Washington, DC 20590–0001 or via email at *brian.g.dahlin@dot.gov.* At this time, you need not send a duplicate hardcopy of your electronic CBI submissions to FMCSA headquarters. Any comments FMCSA receives not specifically designated as CBI will be placed in the public docket for this notice.

C. Viewing Comments

To view comments, go to *www.regulations.gov,* insert the docket number (FMCSA–2026–0043) in the keyword box and click ‘‘Search.’’ Next, choose the only notice listed, and click ‘‘Browse Comments.’’ If you do not have access to the internet, you may view the docket online by visiting Dockets Operations in Room W58–213 of the DOT West Building, 1200 New Jersey Avenue SE, Washington, DC 20590–0001, between 9 a.m. and 5 p.m. ET Monday through Friday, except Federal holidays.

D. Privacy Act

In accordance with 49 U.S.C. 31315(b)(6), DOT solicits comments from the public on the exemption request. DOT posts these comments, including any personal information the commenter provides, to *www.regulations.gov,* as described in the system of records notice DOT/ALL–14 FDMS (Federal Docket Management System), which can be reviewed under the ‘‘Department Wide System of Records Notices’’ link at *https://www.transportation.gov/individuals/privacy/privacy-act-system-records-notices.* The comments are posted without edit and are searchable by the name of the submitter.

II. Legal Basis

FMCSA has authority under 49 U.S.C. 31136(e) and 31315(b) to grant exemptions from the FMCSRs. FMCSA must publish a notice of each exemption request in the **Federal Register** (49 CFR 381.315(a)). The Agency must provide the public an opportunity to inspect the information relevant to the application, including the applicant's safety analysis. The Agency must provide an opportunity for public comment on the request.

The Agency reviews the application, safety analyses, and public comments submitted and determines whether granting the exemption would likely achieve a level of safety equivalent to, or greater than, the level of safety that would be achieved absent such exemption, pursuant to the standard set forth 49 U.S.C. 31315(b)(1). The Agency must publish its decision in the **Federal Register** (49 CFR 381.315(b)). If granted, the notice will identify the regulatory provision from which the applicant will be exempt, the effective period, and all terms and conditions of the exemption (49 CFR 381.315(c)(1)). If the exemption is denied, the notice will explain the reason for the denial (49 CFR 381.315(c)(2)). The exemption may be renewed (49 CFR 381.300(b)). FMCSA grants medical exemptions from the FMCSRs for a 2-year period to align with the maximum duration of a driver's medical certification.

III. Background

The physical qualification standard for drivers regarding seizures and loss of consciousness provides that a person is physically qualified to drive a CMV if that person has ''no established medical history or clinical diagnosis of epilepsy or any other condition which is likely to cause the loss of consciousness or any loss of ability to control'' a CMV (49 CFR 391.41(b)(8)). To assist in applying this standard, FMCSA publishes guidance for medical examiners (ME) in the form of medical advisory criteria in Appendix A to 49 CFR part 391.[1] In 2007, FMCSA published recommendations from a Medical Expert Panel (MEP) that FMCSA tasked to review the existing seizure disorder guidelines for MEs.[2] The MEP performed a comprehensive, systematic literature review, including evidence available at the time. The MEP issued recommended criteria to evaluate whether an individual with a history of epilepsy, a single unprovoked seizure, or a provoked seizure should be allowed to drive a CMV.

On January 15, 2013, FMCSA began granting exemptions, on a case-by-case basis, to individual drivers from the physical qualification standard regarding seizures and loss of consciousness in 49 CFR 391.41(b)(8) (78 FR 3069). The Agency considers the medical advisory criteria, the 2007 MEP recommendations, any public comments received, and each individual's medical information and driving record in deciding whether to grant the exemption.

The four individuals listed in this notice have requested an exemption from the epilepsy and seizure disorders prohibition in 49 CFR 391.41(b)(8). Accordingly, the Agency will evaluate the qualifications of each applicant to determine whether granting the exemption will achieve the required level of safety mandated by statute.

IV. Qualifications of Applicants

Monte Fischer

Monte Fischer is a 52-year-old class A commercial driver license (CDL) holder in North Dakota. He has a history of seizure disorder and has been seizure free since March 2020. He takes an anti-seizure medication with the dosage and frequency remaining the same since August 2025. His physician states that they are supportive of him receiving an exemption.

Craig Hughes

Craig Hughes is a 55-year-old class A CDL holder in New Jersey. He has a history of seizure disorder and has been seizure free since May 25, 2025. He takes an anti-seizure medication with the dosage and frequency remaining the same since January 29, 2026. His physician states that they are supportive of him receiving an exemption.

Eric Nguyen

Eric Nguyen is a 24-year-old class C license holder in California. He has a history of provoked seizures and has been seizure free since October 30, 2020. He does not take anti-seizure medication. His physician states that they are supportive of him receiving an exemption.

Brandon Trusdell

Brandon Trusdell is a 32-year-old class D license holder in Alabama. He has a history of epilepsy and has been seizure free since October 2024. He takes an anti-seizure medication with the dosage and frequency remaining the same since January 3, 2024. His physician states that they are supportive of him receiving an exemption.

V. Request for Comments

In accordance with 49 U.S.C. 31136(e) and 31315(b), FMCSA requests public comment from all interested persons on the exemption applications described in this notice. FMCSA will consider all comments received before the close of business on the closing date indicated under the **DATES** section of the notice.

Larry W. Minor,

Associate Administrator for Policy.

[FR Doc. 2026–18216 Filed 9–4–26; 8:45 am]

BILLING CODE 4910–EX–P

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[1] Appendix A to Part 391, Title 49, available at *https://www.ecfr.gov/current/title-49/part-391/appendix-Appendix* A to Part 391.

[2] ''Expert Panel Recommendations, Seizure Disorders and Commercial Motor Vehicle Driver Safety,'' Medical Expert Panel (Oct. 15, 2007), available at *https://www.fmcsa.dot.gov/sites/fmcsa.dot.gov/files/2020-04/Seizure-Disorders-MEP-Recommendations-v2-prot%2010152007.pdf.*

DEPARTMENT OF TRANSPORTATION

National Highway Traffic Safety Administration

[Docket No. NHTSA–2026–1486; Notice 1]

Notice of Receipt of Petition for Decision that Nonconforming Model Year 2016 Porsche 911R Passenger Cars are Eligible for Importation

AGENCY: National Highway Traffic Safety Administration, Department of Transportation (DOT).

ACTION: Receipt of petition.

SUMMARY: This document announces the National Highway Traffic Safety Administration's (NHTSA) receipt of a petition for a decision that model year (MY) 2016 Porsche 911R, passenger cars (PCs) manufactured for sale in Europe that were not originally manufactured to comply with all applicable Federal motor vehicle safety standards (FMVSSs) are eligible for importation into the United States (U.S.) because the vehicles are substantially similar to vehicles that were originally manufactured for sale in the U.S. and that were certified by their manufacturer as complying with the safety standards (the U.S.-certified version of the MY 2016 Porsche 911R) and are capable of being readily modified to conform to the standards. This petition provides a sample vehicle, a MY Porsche 911R (VIN: WP0ZZZ99ZGxxxxxxx), which is claimed to have been originally manufactured for sale in Europe. J.K. Technologies seeks a determination for the petitioned vehicles.

DATES: The closing date for comments on the petition is October 8, 2026.

ADDRESSES: Interested persons are invited to submit written data, views, and arguments on this petition. Comments must refer to the docket and notice number cited in the title of this notice and may be submitted by any of the following methods:

• *Mail:* Send comments by mail addressed to the U.S. Department of

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

• *Hand Delivery:* Deliver comments by hand to the U.S. Department of Transportation, Docket Operations, M–30, West Building Ground Floor, Room W12–140, 1200 New Jersey Avenue SE, Washington, DC 20590. The Docket Section is open on weekdays from 10 a.m. to 5 p.m. except for Federal Holidays.

• *Electronically:* Submit comments electronically by logging onto the Federal Docket Management System (FDMS) website at *https://www.regulations.gov/.* Follow the online instructions for submitting comments.

• Comments may also be faxed to (202) 493–2251.

Comments must be written in the English language, and be no greater than 15 pages in length, although there is no limit to the length of necessary attachments to the comments. If comments are submitted in hard copy form, please ensure that two copies are provided. If you wish to receive confirmation tha comments you have submitted by mail have been received, please enclose a stamped, self-addressed postcard along with the comments. Note that all comments received will be posted without change to *https://www.regulations.gov,* including any personal information provided.

All comments and supporting materials received before the close of business on the closing date indicated above will be filed in the docket and will be considered. All comments and supporting materials received after the closing date will also be filed and will be considered to the full extent possible.

All comments, background documentation, and supporting materials submitted to the docket may be viewed by anyone at the address and times given above. The documents may also be viewed on the internet at *https://www.regulations.gov* by following the online instructions for accessing the dockets. The docket ID number for this petition is shown in the heading of this notice.

DOT's complete Privacy Act Statement is available for review in a **Federal Register** (FR) notice published on April 11, 2000, (65 FR 19477–78).

FOR FURTHER INFORMATION CONTACT: Robert Mazurowski, Office of Vehicle Safety Compliance, NHTSA *Robert.Mazurowski@dot.gov* (202–366–1012).

SUPPLEMENTARY INFORMATION:

Background

Under 49 U.S.C. 30141(a)(1)(A), a motor vehicle that was not originally manufactured to conform to all applicable FMVSS shall be refused admission into the U.S. unless NHTSA has decided that the motor vehicle is substantially similar to a motor vehicle originally manufactured for importation into and sale in the U.S., certified under 49 U.S.C. 30115, and of the same MY as the model of the motor vehicle it is being compared to, and is capable of being readily altered to conform to all applicable FMVSSs.

Petitions for eligibility decisions may be submitted by either manufacturers or importers who have registered with NHTSA pursuant to 49 CFR part 592. As specified in 49 CFR 593.7, NHTSA publishes notice of each petition that it receives in the **Federal Register** and affords interested persons an opportunity to comment on the petition. At the close of the comment period, NHTSA decides, on the basis of the petition and any comments that it has received, whether the vehicle is eligible for importation. The agency then publishes this decision in the **Federal Register**.

J.K. Technologies, LLC (the petitioner), Registered Importer R–90–006, of Baltimore, Maryland, has petitioned NHTSA to decide whether nonconforming MY 2016 Porsche 911R PCs are eligible for importation into the United States. J.K. Technologies in this petition provides a sample vehicle, a MY 2016 Porsche 911R (VIN: WP0ZZZ99ZGxxxxxx), which is claimed to have been originally manufactured for sale in Europe. J.K. Technologies seeks a determination for the petitioned vehicles. The petitioner believes that the MY 2016 Porsche 911R PCs sold in the U.S. and certified by their manufacturer as conforming to all applicable FMVSSs are substantially similar to the petitioned vehicles. In addition, the petitioner believes that the petitioned vehicles are identical to the MY 2016 Porsche 911R PCs which are already on the list of eligible vehicles, and that they use the same exact parts lists previously submitted and approved by NHTSA.

The petitioner claims that it compared the non-U.S. certified MY 2016 Porsche 911R vehicle to its U.S. certified counterparts and found the vehicle to be substantially similar as it relates to compliance with most FMVSSs.

The petitioner submitted information with its petition intended to demonstrate that non-U.S. certified MY 2016 Porsche 911R PCs from Europe or Mexico conform to many applicable FMVSSs in the same manner as their U.S.-certified counterparts or are capable of being readily altered to conform to those standards. The petitioner asserts that many of the concerned parts have the same part numbers as their U.S.-certified counterparts, and that any areas requiring modification will use parts supplied by the original equipment manufacturer (OEM). J.K. Technologies stated that the modifications to the petition vehicles do not concern the basic structure, and only involve the substitution of removable and available parts. Specifically, the petitioner claims that the non-U.S. certified MY 2016 Porsche 911R PC vehicles:

(1) Originally manufactured for sale in Europe;

(i) Conform to the following FMVSSs: FMVSS Nos. *102, Transmission Shift Position Sequence, Starter Interlock, and Transmission Braking Effect, 103, Windshield Defrosting and Defogging Systems, 104, Windshield Wiping and Washing Systems, 106, Brake Hoses, 113, Hood Latch System, 114, Theft Protection and Rollaway Prevention, 116, Motor Vehicle Brake Fluids, 118, Power-Operated Window, Partition, and Roof Panel System, 124, Accelerator Control Systems, 126, Electronic Stability Control Systems, 135, Light Vehicle Brake Systems, 138, Tire Pressure Monitoring Systems, 139, New Pneumatic Radial Tires for Light Vehicles, 202, Head Restraints; Applicable at the Manufacturers Option until September 1, 2009, 203 (N.A.), Impact Protection for the Driver from the Steering Control System, 204, Steering Control Rearward Displacement, 205, Glazing Materials, 206, Door Locks and Door Retention Components, 207, Seating Systems, 209, Seat Belt Assemblies, 210, Seat Belt Assembly Anchorages, 212, Windshield Mounting, 213 (N.A.), Child Restraint Systems, 214, Side Impact Protection, 216, Roof Crush Resistance; Applicable unless a Vehicle is Certified to §571.216a, 219, Windshield Zone Intrusion, 225 (N.A. convertible), Child Restraint Anchorage Systems, 302, Flammability of Interior Materials, and 401 (N.A.), Interior Trunk Release;*

(ii) Do not conform to the following FMVSSs: FMVSS Nos.*101, Controls and Displays, 108, Lamps, Reflective Devices and Associated Equipment, 110, Tires, Rims, and Tire Information Labels, 111, Rear Visibility, 201, Interior Occupant Protection, 205, Glazing Materials, 209, Seat Belt Assemblies 301, Fuel system integrity 49 CFR part 565, Vehicle Identification Number (VIN) Requirements, 567, Certification, 575,* *Consumer Information, and 581, Bumper Standard.*

The petitioner contends that the non-U.S. certified MY 2016 Porsche 911R vehicles not-conforming to FMVSSs are capable of being readily modified to meet the following FMVSSs, in the manner indicated:

• FMVSS No. 101, *Controls and Displays:*

Replacement of Instrument Cluster: 991–641–215–01 and programming of the Instrument Cluster and Gateway Module are required to bring these systems into compliance with FMVSS.

• FMVSS No. 108, *Lamps, Reflective Devices and Associated Equipment:*

The following modifications must be made to the European specification model, to fully meet this FMVSS: The wiring harness for the USA side marker lights is standard but not active in the Porsche 911R. Replacement of the following parts and programming is necessary to activate the USA lighting programs systems.

Headlight LH: 991–631–997–50, Headlight RH: 991–631–998–50, Taillamp RH: 991–631–145–84, Taillamp LH: 991–631–145–83, Front Side Marker Lamp: 991–631–257–05, Front Side Marker Lamp: 991–631–258–05.

• FMVSS No. 110, *Tire Selection and Rims and Motor Home/Recreation Vehicle Trailer Load Carrying Capacity Information for Motor Vehicles with a GVWR of 4,536 Kilograms (10,000 pounds) or Less:*

The European specification model requires the tire placard to be installed to meet this FMVSS. The tire/rim label is available to meet the new regulations.

• FMVSS No. 111, *Rear Mirrors:*

The European specification model drivers inside rearview mirror meets this FMVSS. However, the passenger's outside rearview mirror must be changed to the U.S. companion model part to meet this FMVSS. Passenger's Outside Rearview mirror: 991–731–048–01.

The sample vehicle, a MY 2016 Porsche 911R (VIN: WP0ZZZ99ZGxxxxxxx), which is claimed to have been originally manufactured for sale in Europe, was fitted with the U.S. specification Passenger's Rearview Mirror—991–731–048–01 to be brought into compliance with this FMVSS.

• FMVSS No. 201, *Occupant Protection in Interior Impact:*

The following parts need to be changed to bring the European specification model into compliance with this FMVSS.

The sample vehicle, a MY 2016 Porsche 911R (VIN: WP0ZZZ99ZGxxxxxxx), which is claimed to have been originally manufactured for sale in Europe, was fitted with the U.S. specification *Driver's Sun Visor:* 991–731–981–09, *Passenger's Sun Visor:* 991–731–982–09 from the factory, and is already in compliance with this FMVSS.

• FMVSS No. 208, *Occupant Crash Protection:*

The following parts need to be changed to bring the European specification model into compliance with this FMVSS:

Passenger Seat Occupant Detection Repair Kit: 918–618–945–01.

Passenger Bucket Seat Repair Kit: 918–521–904–03.

Airbag Control Unit: 991–618–201–08.

Passenger's Seat Wiring Harness: 991–622–785–01.

Driver's Seat Wiring Harness: 991–622–786–01.

Both Driver's and Passenger's Seat Position Sensors: 9P1–898–070.

Passenger Seatbelt Buckle: 991–803–184–07.

Passenger's Side Knee Airbag: 991–803–061–00, with 2 Hexagon Head Bolts: 999–919 278–01.

Driver's Side Knee Airbag: 991–803–061–00, with 2 Hexagon Head Bolts: 999–919–278–.

Overhead Dome Light Module: 991–613–224–10.

Dashboard Wiring Harness: 991–612–902–00.

Body Wiring Harness: 991–612–901–00.

• FMVSS No. 301, *Fuel System Integrity:*

Parts of these systems, which include the ORVR (On board Refueling Vapor Recovery) systems, must be replaced and programming of the Engine Control Module to bring into compliance with FMVSS 301.

The sample vehicle, a MY 2016 Porsche 911R (VIN: WP0ZZZ99ZGxxxxxxx), which is claimed to have been originally manufactured for sale in Europe, *Fuel Tank Filler Neck:* 991–201–044–13, *Activated Charcoal Canister:* 991–201–225–93, DMTL.

Pressure Switch: 991–606–621–07, Breather Vapor Line: 991–201–251–06, DME. *Engine Control, Module:* 991–618–603–00.

• 49 CFR part 565 *Vehicle Identification Number (VIN) Requirements* and Part 567 *Certification:*

A VIN plate must be added to both European and Mexican specifications models near the left windshield post and a reference and certification label must be added in the left front door post area to meet these regulations.

• 49 CFR part 575 *Consumer Information:*

Owner's manual and all other information manuals must be replaced with the OEM Manuals for both the European and Mexican specification models. Owner's Manual—86075400, Quick Reference Guide—86076100.

• 49 CFR 581 *Bumper Standard:*

The European specification requires the front and rear bumpers to be modified or changed to meet this FMVSS. Front Bumper—86235610, Rear Bumper—86320810.

The sample vehicle, a MY 2016 Porsche 911R (VIN: WP0ZZZ99ZGxxxxxxx), which is claimed to have been originally manufactured for sale in Europe, was fitted with the U.S. Rear Bumper—991–505–141–91 from the factory and is already in compliance with this regulation.

(Authority: 49 U.S.C. 30141(a)(1)(A), (a)(1)(B), and (b)(1); 49 CFR 593.7; delegation of authority at 49 CFR 1.95 and 501.8.)

Otto G. Matheke III,

Director, Office of Vehicle Safety Compliance.

[FR Doc. 2026–18197 Filed 9–4–26; 8:45 am]

BILLING CODE 4910–59–P

DEPARTMENT OF THE TREASURY

Office of the Comptroller of the Currency

Agency Information Collection Activities: Information Collection Renewal; Submission for OMB Review; Supervisory Guidance: Supervisory Review Process of Capital Adequacy (Pillar 2) Related to the Implementation of the Basel II Advanced Capital Framework

AGENCY: Office of the Comptroller of the Currency (OCC), Treasury.

ACTION: Notice and request for comment.

SUMMARY: The OCC, as part of its continuing effort to reduce paperwork and respondent burden, invites comment on a continuing information collection, as required by the Paperwork Reduction Act of 1995 (PRA). In accordance with the requirements of the PRA, the OCC may not conduct or sponsor, and the respondent is not required to respond to, an information collection unless it displays a currently valid Office of Management and Budget (OMB) control number. The OCC is soliciting comment concerning the renewal of its information collection titled, ''Supervisory Guidance: Supervisory Review Process of Capital Adequacy (Pillar 2) Related to the

Implementation of the Basel II Advanced Capital Framework.'' The OCC is also giving notice that it has sent the collection to OMB for review.

DATES: Comments must be received by October 8, 2026.

ADDRESSES: Commenters are encouraged to submit comments by email, if possible. You may submit comments by any of the following methods:

- *Email: prainfo@occ.treas.gov.*
- *Mail:* Chief Counsel's Office, Attention: Comment Processing, Office of the Comptroller of the Currency, Attention: 1557–0242, 400 7th Street SW, Suite 1E–216, Washington, DC 20219.
- *Hand Delivery/Courier:* 400 7th Street SW, Suite 1E–216, Washington, DC 20219.
- *Fax:* (571) 293–4835.

Instructions: You must include ''OCC'' as the agency name and ''1557–0242'' in your comment. In general, the OCC will publish comments on *www.reginfo.gov* without change, including any business or personal information provided, such as name and address information, email addresses, or phone numbers. Comments received, including attachments and other supporting materials, are part of the public record and subject to public disclosure. Do not include any information in your comment or supporting materials that you consider confidential or inappropriate for public disclosure.

Written comments and recommendations for the proposed information collection should also be sent within 30 days of publication of this notice to *www.reginfo.gov/public/do/PRAMain.* You can find this information collection by selecting ''Currently under 30-day Review—Open for Public Comments'' or by using the search function.

You may review comments and other related materials that pertain to this information collection following the close of the 30-day comment period for this notice by the method set forth in the next bullet.

- *Viewing Comments Electronically:* Go to *www.reginfo.gov.* Hover over the ''Information Collection Review'' tab and click on ''Information Collection Review'' from the drop-down menu. From the ''Currently under Review'' drop-down menu, select ''Department of Treasury'' and then click ''submit.'' This information collection can be located by searching OMB control number ''1557–0242'' or ''Supervisory Guidance: Supervisory Review Process of Capital Adequacy (Pillar 2) Related to the Implementation of the Basel II Advanced Capital Framework.'' Upon finding the appropriate information collection, click on the related ''ICR Reference Number.'' On the next screen, select ''View Supporting Statement and Other Documents'' and then click on the link to any comment listed at the bottom of the screen.
- For assistance in navigating *www.reginfo.gov,* please contact the Regulatory Information Service Center at (202) 482–7340.

FOR FURTHER INFORMATION CONTACT: Shaquita Merritt, Clearance Officer, (202) 649–5490, Chief Counsel's Office, Office of the Comptroller of the Currency, 400 7th Street SW, Washington, DC 20219. If you are deaf, hard of hearing, or have a speech disability, please dial 7–1–1 to access telecommunications relay services.

SUPPLEMENTARY INFORMATION: Under the PRA (44 U.S.C. 3501 *et seq.*), Federal agencies must obtain approval from the OMB for each collection of information that they conduct or sponsor. ''Collection of information'' is defined in 44 U.S.C. 3502(3) and 5 CFR 1320.3(c) to include agency requests or requirements that members of the public submit reports, keep records, or provide information to a third party. The OCC asks the OMB to extend its approval of the collection in this notice.

Title: Supervisory Guidance: Supervisory Review Process of Capital Adequacy (Pillar 2) Related to the Implementation of the Basel II Advanced Capital Framework.

OMB Control No.: 1557–0242.

Type of Review: Regular.

Affected Public: Businesses or other for-profit.

Description: In 2008, the OCC, Board of Governors of the Federal Reserve System, and Federal Deposit Insurance Corporation issued a supervisory guidance document to assist banking organizations in implementing the supervisory review process, or Pillar 2, of the advanced approaches risk-based capital rule.[1] Therefore, this guidance is relevant for OCC-supervised national banks and Federal savings associations (collectively, banks) that are subject to the advanced approaches capital rule.[2] It does not apply to small banks.

Paragraphs 37, 41, 43, and 46 of the guidance contain information collections. Paragraph 37 provides that a bank should clearly state the definition of capital used in any aspect of its internal capital adequacy assessment process (ICAAP) and document any changes in the internal definition of capital. Paragraph 41 provides that banks should maintain thorough documentation of ICAAP. Paragraph 43 specifies that the board of directors should approve the bank's ICAAP, review it on a regular basis, and approve any changes. Boards of directors, under paragraph 46, should periodically, and at least annually, review the assessment of overall capital adequacy and analyze how measures of internal capital adequacy compare with other capital measures (such as regulatory or accounting).

Estimated Burden

Estimated Frequency of Response: On occasion.

Estimated Number of Respondents: 16.

Estimated Burden per Respondent: 140 hours.

Estimated Total Annual Burden: 2,240 hours.

Comments: On June 12, 2026, the OCC published a 60-day notice for this information collection at 91 FR 35794. No comments were received.

Comments continue to be invited on:

(a) Whether the collection of information is necessary for the proper performance of the functions of the OCC, including whether the information has practical utility;

(b) The accuracy of the OCC's estimate of the burden of the collection of information;

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

(d) Ways to minimize the burden of the collection on respondents, including through the use of automated collection techniques or other forms of information technology; and

(e) Estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information.

Carl Kaminski,

Assistant Director, Office of the Comptroller of the Currency.

[FR Doc. 2026–18259 Filed 9–4–26; 8:45 am]

BILLING CODE 4810–33–P

[1] 73 FR 44620 (July 31, 2008).

[2] *See* 12 CFR 3.100(b).

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Part II

Department of the Treasury

Internal Revenue Service

26 CFR Parts 1 and 301

Car Loan Interest Deduction; Final Rule

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Parts 1 and 301

[TD 10054]

RIN 1545–BR75

Car Loan Interest Deduction

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final regulations.

SUMMARY: This document contains final regulations regarding the deduction for certain taxpayers for an amount up to $10,000 of qualified passenger vehicle loan interest. This document also contains final regulations regarding new information reporting requirements for certain persons who, in a trade or business, receive from any individual interest aggregating $600 or more for any calendar year on a specified passenger vehicle loan, including applicable penalties for failures to file information returns or furnish payee statements as required. These regulations affect taxpayers that may deduct qualified passenger vehicle loan interest, and also persons subject to these information reporting requirements.

DATES:

Effective date: The final regulations are effective on November 9, 2026.

Applicability date: For dates of applicability, see §§ 1.163–16(i) and 1.6050AA–1(i).

FOR FURTHER INFORMATION CONTACT: Riston Escher of the Office of Associate Chief Counsel (Income Tax & Accounting) at (202) 317–7003 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Authority

This document contains amendments that add new regulations to the Income Tax Regulations (26 CFR part 1) under sections 163 and 6050AA of the Internal Revenue Code (Code), as amended and enacted, respectively, by section 70203(a) and (c)(1) of Public Law 119–21, 139 Stat. 72, 176–179 (July 4, 2025), commonly known as the One, Big, Beautiful Bill Act (OBBBA), related to the allowance of a Federal income tax deduction under section 163(a) and (h)(4) for qualified passenger vehicle loan interest (QPVLI) and certain information reporting requirements under section 6050AA for persons receiving certain interest on a specified passenger vehicle loan (SPVL). This document also contains amendments to the Procedure and Administration Regulations (26 CFR part 301) relating to electronic filing of returns under section 6011 of the Code, and penalties under section 6721 of the Code for failures to file information returns and under section 6722 of the Code for failures to furnish payee statements.

The regulations are issued under the authority of section 7805(a) of the Code, which authorizes the Secretary of the Treasury or the Secretary's delegate (Secretary) 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. The regulations under section 6050AA are also issued under the authority of section 6050AA(e), which authorizes the Secretary to issue such regulations or other guidance as may be necessary or appropriate to carry out the purposes of section 6050AA, including regulations or other guidance to prevent the duplicate reporting of information under section 6050AA. The regulations under section 6011 are also issued under the authority of section 6011(e), which authorizes the Secretary to prescribe regulations that require taxpayers to electronically file returns, including information returns, if the taxpayer is required to file at least 10 returns of any type during a calendar year.

Background

Section 70203(a) of the OBBBA amended section 163(h) (relating to the disallowance of any deduction for personal interest) by inserting a new paragraph (4) to provide an exception for QPVLI. Section 70203(b) of the OBBBA amended section 63(b) of the Code by inserting a new paragraph (7) to allow this deduction for taxpayers that do not itemize their deductions. Section 70203(c) of the OBBBA added new section 6050AA to the Code to require information returns relating to applicable passenger vehicle loan interest received in a trade or business from individuals. The amendments made by section 70203 of the OBBBA apply to indebtedness incurred after December 31, 2024. The new allowance of a deduction for QPVLI under section 163(a) and (h)(4) applies solely to taxable years beginning after December 31, 2024, and before January 1, 2029. Section 6050AA(f) provides that no information return is required under section 6050AA for any period to which section 163(h)(4) does not apply.

I. Section 163

Section 163(a) allows a deduction for all interest paid or accrued within the taxable year on indebtedness. Section 163(h) generally disallows a deduction for personal interest. Section 163(h)(1) provides that a taxpayer other than a corporation cannot take a deduction for personal interest paid or accrued during the taxable year under chapter 1 of the Code (chapter 1). Section 163(h)(2) defines ''personal interest'' as any interest deductible under chapter 1 other than (a) interest paid or accrued on indebtedness properly allocable to the conduct of a trade or business (other than the trade or business of performing services as an employee), (b) investment interest, (c) interest taken into account under section 469 of the Code in computing income or loss from a passive activity, (d) qualified residence interest, (e) interest payable under section 6601 of the Code on any unpaid portion of the tax imposed by section 2001 of the Code for the period during which an extension of time for payment of such tax is in effect under section 6163 of the Code, and (f) any interest allowable as a deduction under section 221 of the Code.

As added by the OBBBA, new section 163(h)(4)(A) provides that in the case of taxable years beginning after December 31, 2024, and before January 1, 2029, personal interest does not include QPVLI. As a result, a deduction for QPVLI is allowable under section 163(a) for such taxable years. Section 163(h)(4)(B)(i) provides that ''qualified passenger vehicle loan interest'' means any interest that is paid or accrued during the taxable year on indebtedness incurred by the taxpayer after December 31, 2024, for the purchase of, and that is secured by a first lien on, an applicable passenger vehicle (APV) for personal use, subject to certain enumerated exceptions in section 163(h)(4)(B)(ii). Section 163(h)(4)(C) provides limitations on the amount of QPVLI that a taxpayer can deduct during a taxable year. Section 163(h)(4)(D) defines an ''applicable passenger vehicle'' as a vehicle that satisfies the requirements of section 163(h)(4)(D)(i) through (vi) but excludes from the definition any vehicle the final assembly of which did not occur within the United States. Section 163(h)(4)(E) provides the definition of ''final assembly'' and special rules on the treatment of refinancings and related party indebtedness.

II. Section 63(b)(7)

Section 63 defines ''taxable income'' for purposes of subtitle A of the Code (subtitle A). Section 63(a) provides the general rule that, except as provided in section 63(b), for purposes of subtitle A, the term ''taxable income'' means gross income minus the deductions allowed by chapter 1 (other than the standard deduction). Section 63(b) provides that, in the case of an individual who does not elect to itemize the individual's deductions for the taxable year, for purposes of subtitle A, the term taxable income means ''adjusted gross income'' (as defined in section 62 of the Code), minus the deductions enumerated in section 63(b)(1) through (7). As amended by the OBBBA, new section 63(b)(7) provides that so much of the deduction allowed by section 163(a) as is attributable to the exception under section 163(h)(4)(A) is subtracted from adjusted gross income in computing taxable income.

III. Section 6050AA

Section 6050AA(a) provides that any person engaged in a trade or business who, in the course of that trade or business, receives from any individual interest aggregating $600 or more for any calendar year on an SPVL, must file an information return reporting the receipt of interest. Section 6050AA(b) provides that the information return filed by the recipient of such interest (interest recipient) must be in the form prescribed by the Secretary and must contain: (A) the name and address of the individual from whom such interest was received, (B) the amount of such interest received for the calendar year, (C) the amount of outstanding principal on the SPVL as of the beginning of such calendar year, (D) the date of origination of that loan, (E) the year, make, model, and vehicle identification number (VIN) of the APV that secures that loan (or any other description of that vehicle as the Secretary may prescribe), and (F) any other information as the Secretary may prescribe.

Section 6050AA(c) provides that every person required to make an information return under section 6050AA(a) must also furnish to each individual whose name is required to be included in the return a written statement showing the name, address, and phone number of the interest recipient, and the information required to be included in the information return under section 6050AA(b)(2)(B) through (F).

Section 6050AA(d)(1) provides that terms used in section 6050AA that are also used in section 163(h)(4) have the same meaning as when used in section 163(h)(4). Section 6050AA(d)(2) defines ''specified passenger vehicle loan'' as the indebtedness described in section 163(h)(4)(B) with respect to any APV.

Section 6050AA(e) authorizes the Secretary to issue regulations or guidance as may be necessary or appropriate to carry out the purposes of section 6050AA, including regulations or other guidance to prevent duplicate reporting.

IV. Section 6011 and Electronic Filing of Information Returns

Section 6011(e) authorizes the Secretary to prescribe regulations providing standards for determining which returns must be filed on magnetic media or in other machine-readable form. Section 6011(e)(5) authorizes the Secretary to prescribe regulations that require taxpayers to electronically file returns, including information returns, if the taxpayer is required to file at least 10 returns of any type during a calendar year.

V. Penalties Under Sections 6721 and 6722

Section 6721 imposes a penalty for any failure to file an information return on or before the required filing date, and for any failure to include all the information required to be shown on a return or the inclusion of incorrect information. Section 6722 imposes a penalty for any failure to furnish a payee statement on or before the required furnishing date to the person to whom such statement is required to be furnished and for any failure to include all the information required to be shown on a payee statement or the inclusion of incorrect information.

Section 70203(c)(2)(A) of the OBBBA amended section 6724(d)(1) of the Code to add information reporting requirements under section 6050AA—regarding returns relating to QPVLI received in a trade or business from individuals—to the definition of ''information return.'' Section 70203(c)(2)(B) of the OBBBA similarly amended the definition of ''payee statement'' in section 6724(d)(2). As a result of these amendments, penalties under sections 6721 and 6722 may be imposed on interest recipients that fail to file correct information returns and payee statements under section 6050AA.

On October 21, 2025, the IRS released Notice 2025–57, 2025–45 I.R.B. 692, to provide transitional guidance on the information reporting requirements under section 6050AA. Notice 2025–57 provides that an interest recipient will be deemed to have satisfied the reporting obligations under section 6050AA for interest on SPVLs received in calendar year 2025 if the interest recipient makes a statement available to the individual indicating the total amount of interest received in calendar year 2025 on an SPVL.

VI. Notice of Proposed Rulemaking

On January 2, 2026, the Treasury Department and the IRS published a notice of proposed rulemaking and notice of public hearing (REG–113515–25) in the **Federal Register** (91 FR 67) under sections 163, 6050AA, 6011, 6721, and 6722 (proposed regulations). The proposed regulations proposed rules regarding the deduction for certain taxpayers for an amount up to $10,000 of QPVLI. The proposed regulation also proposed rules regarding the new information reporting requirements for certain persons who, in a trade or business, receive from any individual interest aggregating $600 or more for any calendar year on an SPVL, including applicable penalties for failures to file information returns or furnish payee statements as required. The proposed regulations also proposed rules relating to electronic filing of returns under section 6011.

Summary of Comments and Explanation of Revisions

I. Overview

The Treasury Department and the IRS received 63 public comments in response to the notice of proposed rulemaking. Copies of the comments are available for public inspection at *http://www.regulations.gov* or upon request. In addition, a public hearing on the proposed regulations was held on February 24, 2026, at which three speakers provided testimony. After considering all of the public comments, speaker outlines, and testimony (collectively, comments) received in response to the proposed regulations, the Treasury Department and the IRS adopt the proposed regulations, as revised in response to the comments described in this Summary of Comments and Explanation of Revisions, as final regulations.

Comments addressing issues that are outside the scope of this rulemaking are generally not addressed in this Summary of Comments and Explanation of Revisions or adopted in the final regulations. These comments included recommendations and questions regarding implementation issues for other Code provisions and examination selection criteria. Unless otherwise indicated in this Summary of Comments and Explanation of Revisions, provisions of the proposed regulations with respect to which no comments were received are adopted without substantive change.

II. Comments on Proposed § 1.163–16

A. In General

In response to the comments received, the final regulations include revisions to the following provisions in proposed § 1.163–16: proposed § 1.163–16(b)(12) (*Qualified passenger vehicle loan interest (QPVLI)*) (finalized as § 1.163–16(b)(13)); proposed § 1.163–16(b)(13) (*Qualified vehicle classification*) (finalized as § 1.163–16(b)(14) (*Qualified vehicle type*)); proposed § 1.163–16(b)(14) (*Secured by a first lien*) (finalized as § 1.163–16(b)(15)); proposed § 1.163–16(c)(2) (*Determining the amount of interest paid or accrued during a taxable year*); proposed § 1.163–16(d)(2) (*Indebtedness incurred for the purchase of an APV*); and proposed § 1.163–16(e)(2) (*Determining whether original use commences with the taxpayer*). Additionally, in response to the comments received, the final regulations include the addition of the following new provisions in § 1.163–16: § 1.163–16(b)(6) (*Items or amounts customarily financed in an APV purchase transaction that are directly related to the purchase of the APV*); § 1.163–16(d)(6)(v) (*Example 5: Method of allocating interest*); § 1.163–16(e)(2)(ii) (*Dealers*); § 1.163–16(e)(2)(iii) (*Original use for joint purchasers*).

The final regulations also include revisions to § 1.163–16(c)(3)(ii) (*Exception for substitute vehicle due to an unforeseen intervening event*). The revisions to § 1.163–16(c)(3)(ii) are intended to clarify that a substitute APV described in § 1.163–16(c)(3)(ii) is treated as the APV with respect to which the SPVL was incurred for the purposes of § 1.163–16(c)(5) (*VIN requirement*) and § 1.163–16(d)(4) (*Refinancing of an SPVL*).

B. Definitions

1. Secured By a First Lien

Section 163(h)(4)(B)(i) provides that interest is QPVLI only if it is paid or accrued on indebtedness that is incurred by the taxpayer after December 31, 2024, for the purchase of, and that is secured by a first lien on, an APV for personal use. Proposed § 1.163–16(b)(14) provided that, for purposes of section 163(h)(4) and the proposed regulations, ''secured by a first lien'' means a valid and enforceable security interest in an APV under State or other applicable law with priority ahead of all other security interests, other than tax liens or other similar security interests that may be given higher priority at a later date following the date of purchase and only in limited circumstances.

One commenter requested that the final regulations provide clarity on whether ''first lien'' status is determined by the initial filing and attachment of the security interest, regardless of involuntary liens such as mechanic's liens or State tax liens that may cause the earlier lien to be subordinated. The commenter recommended that the final regulations clarify that a loan qualifies as a first lien so long as it was the first voluntary security interest recorded against the vehicle, disregarding involuntary liens (for example, mechanic's liens or State tax liens) that may take temporary legal priority under State or local law.

The Treasury Department and the IRS agree with the commenter that it would be helpful to further clarify the status of a lien that is subordinated by involuntary liens. Accordingly, § 1.163–16(b)(15) provides that ''secured by a first lien'' means the first voluntary security interest recorded against the vehicle, disregarding any involuntary liens that may be given temporary higher priority at a later date.

One commenter noted that under State law, vehicle lien placement generally relates back to the loan origination date if the lien is perfected within a statutory grace period. In certain cases, however, lien perfection may occur after this grace period, often due to administrative delays in title processing that are outside the lender's control. Accordingly, the commenter recommended that the final regulations clarify that interest accruing from the loan origination date (rather than the lien perfection date) may be QPVLI so long as the contract was originated as a purchase transaction secured by a first lien.

This commenter also noted that there are circumstances in which a vehicle lien is removed before the loan is paid in full, such as in the case of repossession and subsequent sale of the vehicle, or an insurance payment following a total loss claim. Accordingly, the commenter recommended that the final regulations clarify that temporary or permanent lien release events that occur after loan origination do not retroactively or prospectively disqualify a taxpayer from claiming the QPVLI deduction, provided that the vehicle finance contract was originally secured by a first lien on the purchased APV.

The Treasury Department and the IRS generally agree with these comments. Accordingly, § 1.163–16(b)(15) provides that an APV may be considered to be secured by a first lien even in a case in which a lien has not yet been perfected or recorded due to processing times or other similar short-term delays arising under State or other applicable law, and in limited circumstances in which a lien is removed in connection with the taxpayer no longer owning the vehicle but the taxpayer continues to be liable for an SPVL, such as in the case of a repossession of the vehicle or an insurance payout following a total loss claim.

2. Qualified Vehicle Type

Section 163(h)(4)(D)(iv) provides that a vehicle is an APV only if it is a car, minivan, van, sport utility vehicle, pickup truck, or motorcycle. Proposed § 1.163–16(b)(13)(ii) through (vii) defined the terms ''car,'' ''minivan,'' ''van,'' ''sport utility vehicle,'' ''pickup truck,'' and ''motorcycle'' by reference to certain vehicle classifications and definitions used by the Environmental Protection Agency (EPA). Some of these classifications depend on a vehicle's gross vehicle weight rating (GVWR) and one of these definitions depend on a vehicle's curb mass. Further, section 163(h)(4)(D)(vi) requires, and proposed § 1.163–16(e)(1)(vi) provided that for a vehicle to be an APV it must have a GVWR of less than 14,000 pounds.

One commenter noted that the proposed § 1.163–16(b)(13)(v) definition of sport utility vehicle would exclude sport utility vehicles with a GVWR exceeding 10,000 pounds. The commenter also noted that the proposed § 1.163–16(b)(13)(vi) definition of pickup truck would exclude pickup trucks with a GVWR exceeding 8,500 pounds. The commenter requested clarification on how the definitions in proposed § 1.163–16(b)(13)(v) and (vi) would operate together with the 14,000-pound GVWR limitation provided by section 163(h)(4)(D)(vi) and proposed § 1.163–16(e)(1)(vi).

The Treasury Department and the IRS agree with the commenter that the definitions of sport utility vehicle and pickup truck provided in proposed § 1.163–16(b)(13) could cause confusion regarding the treatment of those vehicles that have a GVWR that exceeds the GVWR specified in the applicable definition referenced in proposed § 1.163–16(b)(13), but do not exceed the 14,000-pound GVWR limitation provided by section 163(h)(4)(D)(vi). Further, while the definition of motorcycle referenced in proposed § 1.163–16(b)(13) would exclude motorcycles with a curb mass greater than 1,499 pounds, this weight restriction is not a statutory requirement. Accordingly, § 1.163–16(b)(14) provides broader definitions of sport utility vehicle, pickup truck, and motorcycle that do not reference a

GVWR or curb weight limitation for vehicles. Additionally, for clarity and ease of administration, the final regulations define van and minivan by direct reference to the applicable EPA regulation. As under the proposed regulations, these revised definitions operate together with, and do not alter, the separate requirement in section 163(h)(4)(D)(v) that the vehicle be treated as a motor vehicle for purposes of title II of the Clean Air Act.

C. Qualified Passenger Vehicle Loan Interest (QPVLI)

Section 163(h)(4)(B)(i) provides and proposed § 1.163–16(d)(1) provided that interest is QPVLI only if it is paid or accrued on indebtedness that is incurred by the taxpayer after December 31, 2024, for the purchase of, and that is secured by a first lien on, an APV for personal use. Proposed § 1.163–16(c) provided, in relevant part, that interest is QPVLI only if the interest is paid or accrued during the taxable year on indebtedness that is an SPVL secured by a first lien on an APV, and is not excluded from the definition of QPVLI.

For purposes of section 163(h)(4), QPVLI includes all interest payable with respect to the amount financed under an SPVL. In general, interest is an amount paid, received, or accrued as compensation for the use or forbearance of money under the terms of an instrument or contractual arrangement that is treated as a debt instrument for Federal income tax purposes or an amount otherwise treated as interest under the Code or Income Tax Regulations. For example, see § 1.163(j)–1(b)(22)(i); see also *Deputy* v. *DuPont,* 308 U.S. 488, 498 (1940).

Several commenters requested clarification on what constitutes interest for purposes of section 163(h)(4). Specifically, clarification was requested as to the treatment of stated periodic interest, prepaid interest (such as points), origination-related or financing-related charges, prepayment penalties, late payment charges, default-related charges, returned payment fees, and deferred or capitalized interest that is added to the outstanding principal balance in accordance with the terms of the indebtedness. Some commenters mentioned that certain of the fees are specifically referenced in other regulations or guidance relating to the deduction of interest for Federal income tax purposes (for example, see §§ 1.221–1(f) and 1.6050H–1).

The Treasury Department and the IRS agree with the commenters that additional clarification on what constitutes interest is appropriate, including the addition of examples of fees that are interest for purposes of section 163(h)(4). Accordingly, § 1.163–16(c)(2)(i) clarifies that QPVLI includes prepaid interest in the form of points and deferred or capitalized interest. The final regulations also provide that QPVLI includes origination-related or financing-related charges, prepayment penalties, late payment charges, default-related charges, and similar fees, if such charge, penalty, or fee is characterized as interest expense for Federal income tax purposes and is included in the amount reported as interest in the statement furnished to the taxpayer under section 6050AA(c) and § 1.6050AA–1(h). However, to the extent such interest (including prepaid interest in the form of points or deferred or capitalized interest) creates or increases the amount of original issue discount on the SPVL, such amounts generally are not deductible until paid in accordance with the payment ordering rules described in § 1.163–16(c)(2)(ii). See also section 1275(b) of the Code. The payment ordering rules in §§ 1.446–2 and 1.1275–2 determine when interest (including original issue discount) is paid and therefore deductible by the borrower. Similarly, these rules generally apply for information reporting purposes, including section 6050AA.

D. Specified Passenger Vehicle Loan (SPVL)

1. Indebtedness

Section 163(h)(4)(B)(i) provides and proposed § 1.163–16(d)(1) provided that interest is QPVLI only if it is paid or accrued on indebtedness that is incurred by the taxpayer after December 31, 2024, for the purchase of, and that is secured by a first lien on, an APV for personal use.[1] Proposed § 1.163–16(c) provided, in relevant part, that interest is QPVLI only if the interest is paid or accrued during the taxable year on indebtedness that is an SPVL secured by a first lien on an APV.

a. Incurring Indebtedness

Multiple commenters recommended that taxpayers should also be able to deduct QPVLI for vehicle loans incurred prior to December 31, 2024. These commenters noted that section 163(h)(4)(B)(i) excludes taxpayers who took out a loan to purchase a new vehicle in late 2024 but will pay nearly all of the interest on the loan from 2025 through 2028, the years in which QPVLI may be deducted.

Section 163(h)(4)(B)(i) defines ''qualified passenger vehicle loan interest'' or QPVLI, in relevant part, as interest paid on a loan incurred after December 31, 2024. Therefore, the Treasury Department and the IRS are not able to adopt the commenters' recommendation as doing so would be inconsistent with the plain language of the statute.

One commenter asked how to identify the amount of interest if a vehicle is purchased with a credit card. Section 163(h)(4)(B)(i) requires, in relevant part, that indebtedness be secured by a first lien on an APV. The Treasury Department and the IRS note that generally credit card indebtedness is not secured indebtedness. Therefore, the purchase of an APV, in whole or in part, with a credit card would generally not result in an SPVL and therefore any interest paid or accrued on this credit card indebtedness would not be QPVLI.

b. Amount of the Indebtedness

i. Indebtedness Incurred To Purchase an APV

Several commenters requested that the Treasury Department and the IRS treat all of the indebtedness incurred in connection with the purchase of an APV as an SPVL, and not require an allocation of the indebtedness between the SPVL portion and the non-SPVL portion as provided in proposed § 1.163–16(d)(2)(iii)(A) because of the compliance burden this allocation approach would impose.

The allocation approach, however, is necessary to ensure compliance with the statutory requirement that only interest ''for the purchase'' of an APV is deductible under section 163(h)(4). Accordingly, the final regulations maintain the allocation approach.

Proposed § 1.163–16(d)(2)(i) generally provided that indebtedness qualifies as an SPVL only to the extent the indebtedness is incurred for the purchase of an APV and, if part of the same purchase transaction, for any other items or amounts customarily financed in an APV purchase transaction and that are directly related to the purchase of the APV. The preamble to the proposed regulations provided that whether items or amounts are customarily financed in an APV purchase transaction is determined on an industry-wide basis, and not by reference to the financing terms of a particular financing entity. Proposed § 1.163–16(d)(2)(i) provided examples of such ''customarily financed'' items to include vehicle service plans, extended warranties, sales

[1] Section 163(h)(4)(B)(i) does not use a specific term for this indebtedness, and the final regulations, like the proposed regulations, refer to such indebtedness as a ''specified passenger vehicle loan'' or an ''SPVL,'' which is the term used in section 6050AA to reference this indebtedness, for consistency.

taxes, and vehicle-related fees. Proposed § 1.163–16(d)(2) provided that any indebtedness that is not described in proposed § 1.163–16(d)(2)(i) would not qualify as an SPVL, even if the items or amounts were incurred as part of a purchase transaction for an APV. Examples of such indebtedness include indebtedness incurred for the repayment of negative equity on a loan secured by a trade-in vehicle, to purchase collision and liability insurance, or to purchase any property or services not directly related to an APV (for example, a trailer or boat).

Several commenters requested that the Treasury Department and the IRS expand the list of examples in proposed § 1.163–16(d)(2)(i) of items that are customarily financed in an APV purchase transaction that are directly related to the purchase of the APV, including such items as vehicle repair plans, mechanical repair coverage, vehicle protection products (including tire, wheel, paint, and interior protection products), warranties, extended warranties, guaranteed asset protection (GAP) insurance, credit-related insurance products (including credit-related accident, health, and life products), key fob replacement, and title and registration fees.

The Treasury Department and the IRS agree with the commenters that expanding the examples of items customarily financed in an APV purchase transaction that are directly related to the purchase of the APV would provide additional clarity. Accordingly, the final regulations expand the list of examples of items customarily financed in an APV purchase transaction that are directly related to the purchase of the APV. Further, the final regulations clarify that the exclusion for collision and liability insurance applies only to collision or liability insurance that is not credit insurance.

One commenter requested that the Treasury Department and the IRS expand the list of examples in proposed § 1.163–16(d)(2)(i) to include vehicle-related accessories as items that are regarded as customarily obtained or paid for as part of an APV purchase transaction. The Treasury Department and the IRS agree that indebtedness attributable to vehicle-related accessories that are components of the APV may be included in an SPVL. Accordingly, the final regulations provide that indebtedness incurred for vehicle-related accessories that are components of the APV purchased as part of an APV transaction may be an SPVL. Additionally, the final regulations now include language adopted from the preamble to the proposed regulations to make clear that whether items or amounts are customarily financed in an APV purchase transaction and are directly related to the purchase of the APV is determined on an industry-wide basis and not by reference to the financing terms of a particular financing entity.

ii. Negative Equity

A number of comments received were related to amounts representing debt on a vehicle traded in as part of the purchase transaction for the APV in excess of the value of the vehicle, which is sometimes referred to as ''negative equity.'' Proposed § 1.163–16(d)(2)(ii) provided that indebtedness incurred for amounts representing negative equity under an existing loan on a trade-in vehicle is not incurred by a taxpayer for the purchase of an APV, and therefore is not an SPVL.

Many commenters requested that the Treasury Department and the IRS instead provide that indebtedness incurred for amounts representing negative equity may qualify as an SPVL, especially because the incurrence of indebtedness for amounts representing negative equity occurs regularly for many purchasers.

The Treasury Department and the IRS do not adopt these requests, and the final regulations provide that indebtedness incurred for amounts representing negative equity is not incurred by a taxpayer for the purchase of an APV, and therefore is not an SPVL. Section 163(h)(4)(B)(i) describes indebtedness that is incurred by the taxpayer for the purchase of an APV for personal use. Amounts representing negative equity are not incurred for the purchase of an APV as required by the statute and instead represent indebtedness related to a prior purchased vehicle that is refinanced in connection with the purchase of a new vehicle. While proposed § 1.163–16(d)(2)(i) provided that an SPVL also includes indebtedness incurred for items or amounts customarily financed in an APV purchase transaction and that are directly related to the purchase of the APV, negative equity on an existing vehicle loan is not related to the purchase of the APV—the negative equity instead relates to a prior vehicle purchase transaction that is distinct from and unrelated to the APV purchase. Moreover, allowing amounts representing negative equity to be included in an SPVL would allow taxpayers to deduct interest attributable to indebtedness incurred prior to 2025 or for the purchase of a vehicle that is not an APV. Accordingly, the final regulations exclude amounts of indebtedness attributable to negative equity from being an SPVL.

c. Method of Allocating Interest

Proposed § 1.163–16(d)(2)(iii)(A) provided that in the case of indebtedness that is partially an SPVL, payments of interest and principal are allocated on a pro rata basis between the portion of indebtedness that is an SPVL and the portion of indebtedness that is not an SPVL.

Two commenters requested guidance on acceptable allocation methods or, alternatively, requested confirmation as to whether reasonable allocation methods will be permitted. However, neither commenter suggested any examples of an allocation method different from the pro rata method contained in the proposed regulations. Another commenter proposed calculating the amount of deductible interest on a proportional basis. For example, if a consumer financed a vehicle with a balance of $50,000 and $5,000 of that balance was determined to not be an SPVL, deductible interest would be 90 percent (45,000/50,000) of the total interest paid with 10 percent (5,000/50,000) being non-deductible.

The final regulations require the use of the pro rata allocation method and do not provide for any other allocation method. The final regulations also add an example illustrating the pro rata allocation method. See § 1.163–16(d)(6)(v).

2. Refinancing

Section 163(h)(4)(E)(ii) generally provides that a new loan resulting from refinancing an SPVL is an SPVL if the new loan is secured by a first lien on the APV with respect to which the refinanced SPVL was incurred, but only to the extent the amount of the new loan does not exceed the amount of the refinanced SPVL. This proposed rule was described in proposed § 1.163–16(d)(4), which clarified that the amount of the new loan that is an SPVL is limited to the outstanding balance of the refinanced SPVL as of the date of the refinancing. Consistent with section 163(h)(4)(B)(i) and (h)(4)(D)(i), proposed § 1.163–16(d)(5)(i) provided that the SPVL must have been originally incurred by the taxpayer, and proposed § 1.163–16(d)(4) provided that, if there is a change in obligor as part of the refinancing, the new loan is not an SPVL with regard to any obligor other than the original obligor unless the refinancing is in connection with a change in obligor by reason of the obligor's death within the meaning of proposed § 1.163–16(d)(5)(ii).

A number of commenters requested that the Treasury Department and the IRS clarify in the final regulations whether additional APV-related products or customary amounts incurred in a refinancing (for example, refinancing charges and vehicle-related consumer protection products, including warranties and insurance products) constitute indebtedness that is an SPVL. The commenters described a typical situation in which the customer refinances the loan to purchase an APV shortly after the customer purchased the APV (for example, to get a lower interest rate than the rate charged by the dealer). As part of the refinancing, the customer finances the purchase of what would otherwise be ''customarily financed'' items or amounts in an APV purchase transaction, such as GAP insurance, that the customer did not purchase in connection with the original APV purchase transaction.

The Treasury Department and the IRS do not adopt these requests. Under section 163(h)(4)(E)(ii), if an SPVL is refinanced, the new loan cannot qualify as an SPVL to the extent the amount of the new loan exceeds the amount of the refinanced SPVL. The inclusion of amounts in excess of the amount of the refinanced loan, even if such amounts are attributable to products or amounts related to or customarily incurred with the purchase of an APV, would conflict with the plain language of the statute. Accordingly, the final regulations do not adopt these comments.

Several commenters requested that the Treasury Department and the IRS clarify in the final regulations whether the inclusion of additional obligors in a refinancing of an SPVL would result in the new loan failing to qualify as an SPVL. Consistent with section 163(h)(4)(B)(i) and (h)(4)(D)(i), and as provided in proposed § 1.163–16(d)(5)(i), indebtedness is an SPVL only if it was originally incurred by the taxpayer. Accordingly, the Treasury Department and the IRS clarify that in the event a new borrower is added to indebtedness as part of a refinancing of an SPVL, the indebtedness continues to be an SPVL with respect to the original obligor(s), but is not an SPVL with respect to the new obligor(s).

One commenter requested clarification as to whether interest attributable to prior vehicle loan balances on an SPVL that are rolled into a new loan as part of a refinancing may be included in the new SPVL to the extent those balances are part of the amount financed. The final regulations provide that the amount of a new loan, to the extent attributable to accrued but unpaid interest on the refinanced SPVL, may qualify as an SPVL provided all the other requirements to be an SPVL are satisfied.

E. Applicable Passenger Vehicle (APV)

Section 163(h)(4)(D) defines APV as meaning any vehicle: (i) the original use of which commences with the taxpayer; (ii) that is manufactured primarily for use on public streets, roads, and highways (not including a vehicle operated exclusively on a rail or rails); (iii) that has at least 2 wheels; (iv) that is a car, minivan, van, sport utility vehicle, pickup truck, or motorcycle; (v) that is treated as a motor vehicle for purposes of title II of the Clean Air Act; and (vi) that has a GVWR of less than 14,000 pounds. Section 163(h)(4)(D) also provides that the term APV does not include any vehicle the final assembly of which did not occur within the United States.

1. Original Use

Section 163(h)(4)(D) provides, in relevant part, that for a vehicle to be an APV, the original use of the vehicle must commence with the taxpayer. Proposed § 1.163–16(e)(2)(i) provided that original use of a vehicle commences with the first person that takes delivery of the vehicle after the vehicle is sold, registered, or titled. In the case of a dealer, proposed § 1.163–16(e)(2)(i) provided that original use of a vehicle does not commence with the dealer unless the dealer registers or titles the vehicle. In the case of a purchaser that is not a dealer and that incurs indebtedness to purchase a vehicle, proposed § 1.163–16(e)(2)(i) provided that original use of the vehicle does not commence with that purchaser unless the vehicle is treated as a new vehicle under the loan documentation.

One commenter requested clarity regarding the definition of ''new vehicle'' in proposed § 1.163–16(e)(2)(i). The Treasury Department and the IRS clarify that the requirement that a vehicle be treated as a new vehicle under the loan documentation refers to the lender's classification of the vehicle for purposes of its financing programs.

Multiple commenters recommended that the definition of APV be extended to include used or ''nearly-new'' vehicles. Several of these commenters noted that the definition should be changed because lower-income taxpayers cannot afford to purchase new vehicles. Section 163(h)(4)(D) provides, in relevant part, that for a vehicle to be an APV, the original use of the vehicle must commence with the taxpayer. If the original use of a vehicle commences with a person other than the taxpayer, the vehicle is not an APV in the hands of the taxpayer. Allowing a taxpayer that does not satisfy the original use requirement to treat the vehicle as an APV would be in direct conflict with the plain language of the statute and congressional intent. Accordingly, the Treasury Department and the IRS decline to adopt this recommendation.

Multiple commenters noted that State vehicle titling and registration requirements for demonstrator vehicles vary by State, leading to differing consumer outcomes in different jurisdictions. Specifically, the commenters noted that in States that require a dealer to title or register demonstrator vehicles, the original use of that vehicle would always commence with the dealer and therefore would never commence with a purchaser that is not a dealer. One commenter noted that this rule is arbitrary, and recommended the final regulations provide that original use of a vehicle be deemed to commence with the first purchaser that is not a dealer, notwithstanding any prior temporary use or titling by the dealer for demonstrator or service vehicle purposes.

The Treasury Department and the IRS understand and appreciate that taxpayers are concerned that dealers' prior use of vehicles could prevent original use from commencing with a subsequent purchaser that is not a dealer, including concerns that this result may vary among States. Accordingly, § 1.163–16(e)(2)(ii) provides that original use of a vehicle held by a dealer does not commence with the dealer if the vehicle is held primarily for sale to customers in the ordinary course of its trade or business, and as a result the dealer is not considered to be the first person that takes delivery of the vehicle after it is sold, registered, or titled as described in § 1.163–16(e)(2)(i). However, original use of a vehicle may commence with a dealer if the vehicle is held by the dealer for any purpose other than primarily for sale to customers in the ordinary course of its trade or business. For example, a dealer may own a service vehicle that is not held primarily for sale to customers and instead is used to support the dealer's business operations, such as use as a customer loaner. Original use of this service vehicle will generally begin with the dealer. In contrast, a dealer may own a demonstrator vehicle that is held primarily for sale to customers and is used for customer test drives. Original use of this demonstrator vehicle will generally not begin with the dealer and instead may begin with a customer that purchases the vehicle. This rule is consistent with similar concepts in the Code, such as the original use requirement for certain property to be eligible for the additional first year depreciation deduction under section 168(k)(2)(A)(ii) of the Code. Section 1.168(k)–2(b)(3)(i) and (b)(3)(ii)(A) provide in relevant part that depreciable property meets the requirement if the original use of the property commences with the taxpayer. Section 1.168(k)–2(b)(3)(ii)(A) explains that original use means the first use to which the property is put, whether or not that use corresponds to the use of the property by the taxpayer. Example 2 in § 1.168(k)–2(b)(3)(vii)(B) applies the original use requirement to a dealer's use of a vehicle as a demonstrator for prospective customers while the vehicle is held primarily for sale to customers in the ordinary course of the dealer's business, concluding that the dealer's ''use'' of a vehicle as a demonstrator does not constitute ''original use'' of the vehicle for the purposes of meeting the original use requirement. Similarly, § 1.163–16(e)(2)(v)(A) (*Example 1: Demonstrator vehicles*) of the final regulations addresses how § 1.163–16(e)(1)(i) and (e)(2) apply when a vehicle is used by a dealer as a demonstrator vehicle while primarily being held for sale to customers in the ordinary course of its trade or business.

Additionally, consistent with proposed § 1.163–16(e)(2)(i), § 1.163–16(e)(2)(i) provides that in the case of any purchaser that incurs indebtedness for the vehicle purchase, original use of the vehicle does not commence with that purchaser unless the loan documentation treats the vehicle as a new vehicle. This rule aligns with the requirement in section 163(h)(4)(D)(i) that for a vehicle to be an APV, the original use of the vehicle for which indebtedness is incurred must commence with the taxpayer.

One commenter asked how the proposed original use rule in proposed § 1.163–16(e)(2)(i) would apply in the case of two individuals who purchase a vehicle when both individuals are listed on the vehicle's title and are obligors on the loan incurred to finance the purchase. Alternatively, the commenter asked how the proposed rule applied if the two individuals purchase the vehicle and are obligors on the loan incurred to finance the purchase, but only one of the individuals is listed on the title.

The Treasury Department and the IRS confirm that if a vehicle is purchased by more than one person, then original use of that vehicle may commence with each of these purchasers. Accordingly, § 1.163–16(e)(2)(iii) provides that if more than one person purchases a vehicle and one of these purchasers is the first person that takes delivery of the vehicle after the vehicle is sold, registered, or titled, then each of these purchasers is considered to be the first person that takes delivery of the vehicle after the vehicle is sold, registered, or titled as described in § 1.163–16(e)(2)(i).

Multiple commenters requested clarity regarding the application of the proposed original use rule in the case of a leased vehicle that is eventually purchased by the lessee.

The Treasury Department and the IRS understand that leased vehicles are often purchased by the lessee either during or at the end of the vehicle lease term. It is common for original use of a leased vehicle to commence with the lessor, in which case original use would not commence with a lessee that purchases the vehicle. Additionally, if a lessee purchases a vehicle during or at the end of a vehicle lease term and finances that purchase by incurring a loan, the loan documentation generally does not treat the vehicle as a new vehicle. As a result, the original use of the vehicle would not commence with the lessee under § 1.163–16(e)(1)(i). Section 1.163–16(e)(2)(v)(C) (*Example 3: Vehicle purchase following a lease*) addresses how § 1.163–16(e)(1)(i) and (e)(2) apply when a lessee purchases a vehicle at the end of the lease term.

Multiple commenters requested clarification regarding whether original use of a vehicle manufactured in a prior year but not purchased until a subsequent year (for example, a 2025 model year vehicle that was sold to a purchaser that is not a dealer in 2026 after the manufacturer's release of a 2026 model year vehicle) may commence with the purchaser. The Treasury Department and the IRS confirm that original use of a vehicle commences with a taxpayer as described in § 1.163–16(e)(2), regardless of whether the vehicle was manufactured in a prior year but not sold until a subsequent year.

2. Vehicles With Temporary Living Quarters

One commenter requested clarity regarding whether a self-propelled vehicle designed to provide temporary living quarters for recreational, camping, or seasonal use could be an APV. In order to be an APV, a vehicle must meet the requirements to be an APV at the time of purchase. The Treasury Department and the IRS confirm that a vehicle that meets the section 163(h)(4)(D) requirements at the time of purchase will be considered an APV, regardless of whether the vehicle was designed to provide temporary living quarters.

3. Final Assembly

Section 163(h)(4)(D) provides that the definition of APV does not include any vehicle the final assembly of which did not occur within the United States. Section 163(h)(4)(E)(i) provides that, for the purposes of section 163(h)(4)(D), the term ''final assembly'' means the process by which a manufacturer produces a vehicle at, or through the use of, a plant, factory, or other place from which the vehicle is delivered to a dealer with all component parts necessary for the mechanical operation of the vehicle included with the vehicle, whether or not the component parts are permanently installed in or on the vehicle. Proposed § 1.163–16(e)(3) provided that, to establish that final assembly occurred within the United States, the taxpayer may rely on (1) the vehicle's plant of manufacture as reported in the VIN under 49 CFR 565; or (2) the final assembly point reported on the label affixed to the vehicle as described in 49 CFR 583.5(a)(3). Further, the preamble to the proposed regulations provided that taxpayers could determine whether the vehicle's plant of manufacture is located in the United States by following the instructions on the National Highway Traffic Safety Administration (NHTSA) VIN Decoder website: *https://www.nhtsa.gov/vin-decoder.*

One commenter recommended that APVs should include all new vehicles regardless of where the vehicles are manufactured. Another commenter recommended an exemption to the final assembly requirement for any vehicle manufactured by certain large U.S. vehicle manufacturers. The Treasury Department and the IRS do not adopt these recommendations because section 163(h)(4)(D) explicitly requires that a vehicle must have undergone final assembly in the United States to be an APV.

One commenter noted that certain vehicle models with identical specifications may have undergone final assembly either in the United States or in other countries. Accordingly, the commenter recommended that the final assembly determination be made at the vehicle make-and-model level rather than at the VIN level to ensure taxpayers purchasing the same model vehicle are not treated differently under the Code. Alternatively, the commenter recommended that transitional or safe harbor provisions be considered for vehicle models that may have undergone final assembly either in the United States or in other countries.

The Treasury Department and the IRS understand that not all vehicles of the same make and model undergo final assembly in the same location and where a vehicle's final assembly occurred cannot be determined reliably from its make and model. For example, the final assembly of some vehicles of a make and model marketed by a U.S.-headquartered manufacturer may in certain cases have occurred outside the United States, while some vehicles of a make and model marketed by a non-U.S.-headquartered manufacturer may have occurred in the United States. Nonetheless, section 163(h)(4)(D) explicitly provides that a vehicle must have undergone final assembly in the United States to be an APV. Accordingly, the Treasury Department and the IRS do not adopt this commenter's recommendations.

One commenter noted that it was unclear what should be done if the NHTSA VIN Decoder website is unavailable. The Treasury Department and the IRS note that reliance on the vehicle's plant of manufacture as reported in the VIN (which can be checked on the NHTSA VIN Decoder website) to establish the location of final assembly is one non-exclusive option provided by the IRS for taxpayers' convenience. A taxpayer may also determine where a vehicle's final assembly occurred by relying on the vehicle's final assembly point reported on the label affixed to the vehicle as described in 49 CFR 583.5(a)(3), which is sometimes referred to as the ''window sticker.''

F. Personal Use

Section 163(h)(4)(B)(i) provides that QPVLI is interest paid or accrued on indebtedness incurred by the taxpayer for the purchase of an APV for personal use. Proposed § 1.163–16(f)(1) provided that a taxpayer that incurs indebtedness to purchase an APV is considered to purchase that APV for personal use if, at the time the indebtedness is incurred, that taxpayer expects that the APV will be used for personal use by the taxpayer, the taxpayer's spouse, or an individual that is related to the taxpayer within the meaning of section 152(c)(2) or (d)(2) of the Code, or any combination of these individuals, for more than 50 percent of the time.

One commenter asked if the personal use determination is made annually or only at the time the vehicle is purchased. Additionally, multiple commenters asked whether the personal use determination is affected by a change in the way a vehicle is used after the indebtedness is incurred.

The Treasury Department and the IRS reaffirm that the personal use requirement in section 163(h)(4) is a requirement that must be satisfied at the time the indebtedness is incurred, and not an ongoing requirement. Accordingly, differences between expected use at the time the indebtedness is incurred and later actual use of the vehicle do not affect the personal use determination.

One commenter noted that the proposed regulations would complicate recordkeeping and the audit process by requiring taxpayers that use a vehicle for personal and business purposes to allocate interest between QPVLI and business interest.

Proposed § 1.163–16(g)(2) provided that taxpayers may deduct independently deductible interest (generally, interest that is QPVLI and that also is deductible as a different type of interest under section 163(a) or a different section of the Code) as either QPVLI or as a different type of interest as described in proposed § 1.163–16(g)(1). Accordingly, taxpayers that use a vehicle for personal and business purposes are not required to allocate interest between QPVLI and business interest, but may choose to do so.

G. QPVLI Limitations

1. Dollar Limitation

Section 163(h)(4)(C)(i) provides that the deduction allowed for QPVLI by a taxpayer for any taxable year cannot exceed $10,000. Proposed § 1.163–16(h)(1) provided that the amount taken into account as QPVLI by a taxpayer for any taxable year may not exceed $10,000 per Federal tax return regardless of filing status.

One commenter requested that the Treasury Department and the IRS clarify how the rules work if a taxpayer has multiple SPVLs. The commenter recommended that taxpayers be able to aggregate interest from all SPVLs to determine QPVLI and apply the $10,000 per return limit to this total amount.

The Treasury Department and the IRS clarify that under section 163(h)(4) a taxpayer with multiple SPVLs may aggregate interest from these loans to determine the total amount of QPVLI prior to applying the $10,000 per return limit.

2. Modified Adjusted Gross Income Phaseout

Section 163(h)(4)(C)(ii) provides and proposed § 1.163–16(h)(2) provided that the amount otherwise allowable as a deduction under section 163(a) as QPVLI (after the application of the section 163(h)(4)(C)(i) dollar limitation) is reduced (but not below zero) by $200 for each $1,000 (or portion thereof) by which the modified adjusted gross income (MAGI) of the taxpayer for the taxable year exceeds $100,000. In the case of married taxpayers filing a joint Federal income tax return, section 163(h)(4)(C)(ii) provides and proposed § 1.163–16(h)(2) provided that this reduction begins after the taxpayer's MAGI exceeds $200,000.

Multiple commenters requested clarification regarding the application of the MAGI phaseout to taxpayers that file a Federal income tax return with a filing status of head of household. The MAGI phaseout thresholds for all taxpayers are explicitly set by section 163(h)(4)(C)(ii), which provides two specific dollar amount thresholds: a $200,000 phaseout threshold applicable to joint filers and a $100,000 phaseout threshold applicable to all other taxpayers, including taxpayers that have a filing status of head of household. Accordingly, comments requesting a change in the phaseout threshold amount for taxpayers that have a filing status of head of household are not adopted.

Multiple commenters recommended that final regulations increase the MAGI phaseout thresholds. One of these commenters requested a separate increased threshold for taxpayers that file a Federal income tax return with a filing status of head of household. The Treasury Department and the IRS decline to adopt these recommendations because section 163(h)(4)(C)(ii) explicitly provides the MAGI phaseout thresholds for all taxpayers.

Multiple commenters recommended that the MAGI phaseout reduce the $10,000 annual limitation on QPVLI under section 163(h)(4)(C)(i), rather than reduce the amount otherwise deductible as QPVLI under section 163(a). Section 163(h)(4)(C)(ii) explicitly requires that the amount otherwise allowable as a deduction under section 163(a) be reduced as a taxpayer's MAGI exceeds the applicable dollar amount thresholds. Accordingly, the Treasury Department and the IRS do not adopt these recommendations.

H. Taxpayers That May Deduct QPVLI

Section 163(h)(4)(B)(i) provides that QPVLI is interest paid or accrued on indebtedness incurred by the taxpayer for the purchase of an APV for personal use. Because business entities cannot satisfy the personal use requirement, proposed § 1.163–16(a)(2)(i) provided that only individuals, decedents' estates, and non-grantor trusts may deduct QPVLI.

One commenter requested that the Treasury Department and the IRS clarify in the final regulations whether nonresident alien individuals may deduct QPVLI. The commenter noted that section 873(b) of the Code lists the nonbusiness deductions allowed for nonresident alien individuals and does not include QPVLI in this list.

The Treasury Department and the IRS agree with the commenter that clarification on whether nonresident alien individuals may deduct QPVLI is needed. With limited exceptions, a nonresident alien individual is not allowed deductions that are not connected with income that is effectively connected with the conduct of a U.S. trade or business. See section 873. Thus, a nonresident alien individual will generally not be allowed to deduct QPVLI, which relates to indebtedness incurred to purchase an APV for personal use. However, in limited circumstances, interest connected to income that is effectively connected with the conduct of a U.S. trade or business will qualify as QPVLI. For example, a nonresident alien individual that purchases an APV primarily for personal use may also use the APV as part of his or her trade or business, and thus may pay interest that qualifies as QPVLI. See part II.F (*Personal Use*) of this Summary of Comments and Explanation of Revisions. In that case, the nonresident alien individual would be allowed under § 1.163–16(g)(2) to deduct the interest connected to that business as either QPVLI or as business interest expense. This same analysis would apply to a decedent's estate that is a foreign estate or a non-grantor trust that is a foreign trust, each of which computes its taxable income in the same manner as a nonresident alien individual. See section 641(b) of the Code. The Treasury Department and the IRS intend to modify the instructions for the relevant forms to clarify that a nonresident alien individual, foreign estate, or foreign non-grantor trust is not allowed to deduct QPVLI, except in the limited circumstances described in this paragraph.

One commenter requested that U.S. citizens residing in the Commonwealth of Puerto Rico that are required to file a Federal tax return be allowed to deduct QPVLI. U.S. citizens residing in the Commonwealth of Puerto Rico that are required to file a Federal tax return are generally entitled to claim deductions to the extent those deductions are properly allocated and apportioned pursuant to the rules under sections 861 and 933 of the Code and the regulations thereunder. Accordingly, these taxpayers may be eligible to deduct QPVLI, subject to the allocation and apportionment rules in sections 861 and 933.

One commenter recommended that individuals with any filing status (including single, married filing jointly, and head of household) should be able to deduct QPVLI. The Treasury Department and the IRS confirm that filing status does not impact QPVLI deduction eligibility.

III. Comments on Proposed § 1.6050AA–1

A. In General

In order to make the regulations more readable, the final regulations include two revisions to the proposed rules that move language from the definitions in § 1.6050AA–1(b) to other paragraphs in § 1.6050AA–1. First, the language in proposed § 1.6050AA–1(b)(3)(ii) (*Interest received on behalf of another person*) has been moved to new § 1.6050AA–1(c), and the subsequent paragraphs in § 1.6050AA–1(b) have been finalized accordingly. Second, the language in proposed § 1.6050AA–1(b)(2)(ii) (*De minimis rule*) and (e) (*Amount of interest received on SPVL for calendar year*) have been grouped together in new § 1.6050AA–1(f)(1) and (2), respectively. As a result, the language in proposed § 1.6050AA–1(b)(2)(i) has been moved to § 1.6050AA–1(b)(2) and the heading in proposed § 1.6050AA–1(b)(2)(i) has been deleted. As discussed more fully in this part III of the Summary of Comments and Explanation of Revisions (*Comments on Proposed § 1.6050AA–1*), the substantive contents of these provisions have not been revised in the final regulations.

B. Definitions

1. Applicable Passenger Vehicle (APV)

Section 6050AA(d)(1) provides that terms used in section 6050AA have the same meaning as when used in section 163(h)(4). The term APV is used in section 6050AA(b)(2)(E) and (d)(2). Section 163(h)(4)(D) defines an APV as a vehicle that satisfies the requirements of section 163(h)(4)(D)(i) through (vi), but excludes from the definition any vehicle the final assembly of which did not occur within the United States.

Proposed § 1.6050AA–1(b)(1) provided that the term ''applicable passenger vehicle'' or ''APV'' has the same meaning as that provided in section 163(h)(4)(D) and proposed § 1.163–16(b)(1). Proposed § 1.163–16(b)(1) provided that a vehicle is an ''applicable passenger vehicle'' or ''APV'' if it satisfies the requirements set forth in proposed § 1.163–16(e)(1). Proposed § 1.163–16(e)(1) further provided that a vehicle is an APV only if it satisfies the requirements set forth in section 163(h)(4)(D). Proposed § 1.163–16(e)(2) and (3), respectively, provided rules for determining whether original use commences with the taxpayer and whether final assembly occurred in the United States.

Many commenters expressed general disapproval of the requirement for interest recipients to determine if a vehicle is an APV, a vehicle that satisfies the requirements that are set forth in section 163(h)(4)(D) and proposed § 1.163–16(b)(1). These commenters generally claimed that it would be burdensome for interest recipients to determine if a vehicle is an APV because interest recipients do not currently have the information necessary to make this determination. Specifically, several commenters claimed that interest recipients do not currently maintain records that include whether the vehicle's original use commences with the borrower, the vehicle's GVWR, where the vehicle's final assembly occurred, or whether the vehicle satisfies other APV requirements. These commenters generally recommended that the final regulations allow interest recipients to report interest on all vehicle loans and recommended that individual taxpayers seeking to claim the deduction alone should determine whether their vehicle qualifies as an APV.

The Treasury Department and the IRS acknowledge the concerns raised by these commenters and are aware that interest recipients may need to collect additional information to determine whether a vehicle is an APV. However, as a result of the statutory interaction between sections 6050AA(d)(1) and 163(h)(4)(D), determining whether a vehicle is an APV is necessary to determine whether reporting is required under section 6050AA. See part II.E of this Summary of Comments and Explanation of Revisions (*Applicable Passenger Vehicle (APV)*) for a discussion of the regulations under section 163(h)(4)(D). In addition, taxpayers need the information reported under section 6050AA to accurately complete their Federal income tax returns. Information reported on the Form 1098–VLI, *Vehicle Loan Interest Statement,* such as the vehicle's VIN, whether the original use of the vehicle began with the purchaser (payor of record), and whether final assembly occurred in the United States, will enable taxpayers to accurately claim the QPVLI deduction.

Several commenters discussed their concerns about using a vehicle's VIN to verify where a vehicle's final assembly occurred. One commenter indicated that the commenter understands the vehicle's VIN indicates the plant of manufacture; however, the commenter noted that while taxpayers and dealers have access to the vehicle's window label, the interest recipient may not. One commenter requested simplified VIN and final assembly verification. Another commenter requested that the final regulations allow interest recipients to report the VIN reflected in their records without requiring the interest recipients to verify where a vehicle's final assembly occurred.

The statutory text of section 6050AA(b)(2)(E) requires interest recipients to report VINs. See part III.F of this Summary of Comments and Explanation of Revisions (*Requirement to File an Information Return*) for a discussion of the requirement to report the APV's VIN. Although these interest recipients may not currently have easy access to a VIN, they must obtain VINs to comply with their statutory information reporting obligations. Further, the Treasury Department and the IRS understand the VIN and the NHTSA VIN lookup tool can be used to determine whether a vehicle has a GVWR of less than 14,000 pounds and whether the final assembly of the vehicle occurred within the United States. Accordingly, no changes are made in the final regulations to the text of proposed § 1.6050AA–1(b)(1) in response to these comments.

Other commenters requested safe harbor provisions related to the determination of whether a vehicle is an APV. One commenter requested that the Treasury Department and the IRS consider including a safe harbor in the final regulations to allow interest recipients to rely on dealer or manufacturer data to make the APV determination. Another commenter requested that the Treasury Department and the IRS provide a safe harbor in the final regulations allowing lenders to rely on loan documentation and dealer certifications regarding new vehicle status and original use.

The Treasury Department and the IRS decline to adopt a safe harbor for interest recipients with respect to determining whether a vehicle satisfies the requirements of section 163(h)(4)(D). Section 6001 of the Code provides that every person liable for tax or the collection thereof must keep such records, render such statements, make such returns, and comply with such rules and regulations as may be prescribed. Under § 1.6001–1(a), any person required to file a return of information with respect to income must keep such permanent books of accounts or records sufficient to establish the matters required to be shown in any return of such information. This includes all of the information required by section 6050AA, which is information that lenders can obtain. The general recordkeeping requirements require interest recipients to establish the items required to be shown on the section 6050AA information return. See part III.B.2 of this Summary of Comments and Explanation of Revisions (*Specified Passenger Vehicle Loan (SPVL)*) for a discussion of interest recipients' obligations when the vehicle is refinanced.

2. Specified Passenger Vehicle Loan (SPVL)

Section 6050AA(d)(2) provides that the term ''specified passenger vehicle loan'' means the indebtedness described in section 163(h)(4)(B) with respect to any APV. Proposed § 1.6050AA–1(b)(7) provided that the term ''specified passenger vehicle loan'' or ''SPVL'' has the meaning provided in proposed § 1.163–16(b)(15). Proposed § 1.163–16(b)(15) provided that ''specified passenger vehicle loan'' or ''SPVL'' means indebtedness that satisfies the requirements set forth in proposed § 1.163–16(d)(1). Proposed § 1.163–16(d)(1) provided that SPVL means indebtedness that is incurred by the taxpayer after December 31, 2024, for the purchase of, and that is secured by a first lien on, an APV for personal use.

Many commenters requested that the final regulations not require interest recipients to report interest received on an SPVL. In general, these commenters requested that the final regulations require interest recipients to report interest received on any vehicle loan rather than only on an SPVL. Most of these commenters claimed interest recipients do not currently possess sufficient information to determine whether a loan is an SPVL.

Many commenters indicated that interest recipients do not currently collect or maintain information relating to whether a loan meets the requirements of section 163(h)(4)(B). Some commenters claimed that specific interest recipients, including credit unions, do not currently track all the information necessary to determine the interest allocable to different components of a vehicle loan. Other commenters claimed that interest recipients do not currently track interest allocable to negative equity or the amount of nonqualifying indebtedness.

Some commenters requested that the final regulations include safe harbors that would allow the interest recipients to report interest received on any vehicle loan rather than the amount of interest received only on an SPVL. One commenter requested that the final regulations include a safe harbor under which interest recipients are not required to allocate interest between qualifying and non-qualifying portions of the vehicle loan. Another commenter requested that the final regulations include a safe harbor allowing interest recipients to provide interest statements to any borrower who paid $600 or more in interest on a vehicle-secured loan, accompanied by a disclaimer.

Some commenters indicated their view that certain requirements of section 163(h)(4)(B) are known only to the taxpayer. Some commenters claimed that only taxpayers are able to know whether the vehicle loan was incurred for the purchase of an APV for personal use. Others claimed that vehicle finance companies process changes of party to vehicle finance contracts from time to time, but do not currently have data regarding whether the death of the original payor of record is the reason for such transfer. These commenters generally requested that the final regulations require that the taxpayer, rather than the interest recipient, be responsible for determining whether a vehicle loan is an SPVL.

The statutory language does not support permitting interest recipients to report interest received on all vehicle loans. Section 6050AA(a) provides that the information return relates to interest received on an SPVL. Section 6050AA(b)(2) provides that the information return filed by the interest recipient must include the amount of such interest received for the calendar year. The interest referred to in section 6050AA(b)(2) is the interest received on an SPVL. The Treasury Department and the IRS understand that the definition of SPVL in § 1.6050AA–1(b)(7) may require interest recipients to collect information they do not currently collect. However, the statute requires reporting of interest received on an SPVL, not vehicle loan interest in general.

Several commenters discussed whether interest recipients can determine whether a taxpayer expects to use the vehicle for personal use. One commenter requested that the final regulations provide an objective, standardized mechanism for establishing personal use at origination that credit unions can document through ordinary loan records. Another commenter requested that the final regulations provide that interest recipients need only rely on the information contained in the retail installment sales contract. This commenter also requested that the final regulations include a safe harbor regarding the personal use of the vehicle.

The Treasury Department and the IRS understand that interest recipients may not currently have documentation necessary to determine whether the personal use requirement is met. While retail installment sales contracts may include some indication of whether a vehicle is purchased for personal or business use, this is not true of all such contracts. Further, even when a contract includes some indication of use, this information may not be available to assignees of the loan. If the information in the contract is sufficient for the interest recipient to determine that the personal use requirement is met, then, in the absence of conflicting information, the interest recipient may rely on that information. With respect to other contracts, the interest recipient may choose to make arrangements to obtain information regarding personal use from the obligor, from the lender of record, or by other means. In addition, interest recipients may rely on the same evidence of personal use as the obligor.

Several commenters discussed what they consider to be unique issues when an SPVL is refinanced. In general, these commenters claimed that interest recipients after refinancing do not currently have access to the information needed to verify that the refinanced debt was an SPVL in the first instance. One commenter noted that there are currently no reliable mechanisms to confirm whether the borrower was the original owner during a refinance transaction or whether a refinanced vehicle was purchased during a qualifying year.

Some commenters requested that the final regulations adopt different, specific reporting requirements when a vehicle-secured loan is refinanced. These commenters claimed that, in a typical vehicle refinance transaction, lenders do not receive a copy of the prior retail installment sales contract, and that refinance lenders generally receive limited information. Some commenters recommended that the final regulations clarify that interest recipients may report interest paid on vehicle-secured refinance loans without making determinations regarding original purchase eligibility and that vehicle eligibility determinations remain solely with the taxpayer. One commenter requested that the final regulations allow lenders to treat the entire refinanced amount as an SPVL, up to the payoff amount reflected on the prior lender's payoff statement, without ongoing pro rata interest allocation that lender systems are not currently designed to perform. Another commenter requested that the final regulations clarify that, for purposes of section 6050AA reporting, interest recipients may rely on a signed borrower certification of original ownership.

The Treasury Department and the IRS acknowledge the concerns raised by these commenters and are aware that interest recipients may need to collect more information with respect to refinanced vehicle loans in order to determine whether the vehicle loan is an SPVL. However, as a result of the interaction between sections 6050AA(d) and 163(h)(4)(B), determining whether the vehicle loan is an SPVL is necessary to determine whether reporting is required under section 6050AA. Section 163(h)(4)(E)(ii) generally provides that a new loan resulting from refinancing an SPVL is an SPVL if the new loan is secured by a first lien on the APV with respect to which the refinanced SPVL was incurred, but only to the extent the amount of the new loan does not exceed the amount of the refinanced SPVL. The statute does not include separate rules for reporting interest received on an SPVL that meets the requirements of section 163(h)(4)(E)(ii). Accordingly, interest recipients must perform adequate diligence to meet their reporting requirements for refinanced SPVLs.

Some commenters noted that it would be useful for the amount of interest reported under section 6050AA to be the same as the amount of interest an eligible borrower would be allowed to deduct. The Treasury Department and the IRS agree with these commenters. The Treasury Department and the IRS acknowledge that it is not possible for interest recipients to know whether the amount of the SPVL is limited by the dollar or MAGI limitations in section 163(h)(4)(C). Therefore, to minimize the risk of recipients claiming an interest deduction that exceeds the limitation imposed by section 163(h)(4)(C), § 1.6050AA–1(h)(2)(iv) requires that the written statement from the interest recipient include a legend stating that the payor of record may be unable to deduct the full amount of interest reported on the statement. See part III.G of this Summary of Comments and Explanation of Revisions (*Requirement to Furnish a Written Statement*) for a further discussion of the legend.

3. Calendar Year

Proposed § 1.6050AA–1(b)(2) provided that the calendar year for which interest is received is the later of the calendar year for which interest is received or the calendar year in which the interest properly accrues. Proposed § 1.6050AA–1(b)(2)(ii) permitted an interest recipient to report, as interest received during the calendar year, prepaid interest properly accruing by the following January 15.

One commenter requested guidance for handling payment reversals that cross calendar years and other corrections that occur after year-end processing cutoffs.

The Treasury Department and the IRS decline to include a rule in the final regulations on how to correct information returns under section 6050AA. IRS Publication 1099, *General Instructions for Certain Information Returns,* includes information on how to file corrected information returns and interest recipients should use those instructions to determine how to file any corrected returns.

In order to make the regulations more readable, however, the language in proposed § 1.6050AA–1(b)(2)(ii) (*De minimis rule*) has been moved to new § 1.6050AA–1(f)(1) and the heading has been updated.

4. Interest Recipient

Proposed § 1.6050AA–1(b)(3) provided that the term ''interest recipient'' means a person that is engaged in a trade or business, whether or not the trade or business of lending money, and who, in the course of that trade or business, receives interest on an SPVL. When a person collects interest on an SPVL on behalf of another, proposed § 1.6050AA–1(b)(3)(ii) provided that the person that first receives the interest generally would be required to report under proposed § 1.6050AA–1(a), and no reporting would be required upon the transfer of the interest from the interest recipient to the person on whose behalf the interest recipient received the interest. However, if the initial recipient does not possess the reporting information for the borrower and the person on whose behalf the interest recipient received the interest is engaged in a trade or business and would receive the interest in the course of its trade or business if it received the interest directly, proposed § 1.6050AA–1(b)(3)(ii)(A) would require the person on whose behalf the interest recipient received the interest, rather than the initial recipient, to report.

One commenter requested clarification regarding which party should be considered the interest recipient in a securitization structure for retail installment sales contracts. This commenter also requested confirmation that parties may contractually delegate reporting obligations to another party and, when a delegation occurs, clarification of which party bears the obligation for a given calendar year.

No modifications are needed in the final regulations to the text of proposed § 1.6050AA–1(b)(3) in response to this comment. Home mortgages have historically been securitized, and the final regulations are similar to the interest recipient rules for mortgage interest in § 1.6050H–1(c). The Treasury Department and the IRS decline to provide an example regarding the specific fact pattern included in the comment. However, the new examples in § 1.6050AA–1(c)(5) generally illustrate the effect of the definition when a car loan is securitized.

The Treasury Department and the IRS understand that when a vehicle loan is securitized the interest recipient may not currently have ready access to the information necessary to determine if a vehicle satisfies the requirements to be an APV, or information regarding whether a loan is an SPVL. However, as discussed in parts III.B.1 and III.B.5 of this Summary of Comments and Explanation of Revisions (*Applicable Passenger Vehicle (APV)* and *Specified Passenger Vehicle Loan (SPVL),* respectively), such determinations are required by statute.

One commenter requested that the regulations address how reporting obligations should be satisfied if the interest recipient enters bankruptcy or is otherwise unable to report for a calendar year. The Treasury Department and the IRS decline to address the consequences of bankruptcy on an interest recipient's reporting obligation because it is outside the scope of these regulations.

To make the regulations more readable, the language in proposed § 1.6050AA–1(b)(3)(ii) (*Interest received on behalf of another person*) has been moved to new § 1.6050AA–1(c). As a result, the language in proposed § 1.6050AA–1(b)(3)(i) has been moved to § 1.6050AA–1(b)(3) and the heading in proposed § 1.6050AA–1(b)(3)(i) has been deleted. In addition, the new examples in § 1.6050AA–1(c)(5) illustrate the reporting obligation when a person collects interest on an SPVL on behalf of another when a car loan is securitized.

5. Payor of Record

Proposed § 1.6050AA–1(b)(5) defined a ''payor of record'' on an SPVL as any person carried on the books and records of the interest recipient as the principal borrower on the SPVL. As a result of the interaction between proposed § 1.6050AA–1(b)(5) and (a)(2), only the payor of record would be furnished a written statement on the SPVL under proposed § 1.6050AA–1(a)(2)(ii). Proposed § 1.6050AA–1(b)(5) also provided that the term ''person'' for the purposes of proposed § 1.6050AA–1(b)(5) means any individual, decedent's estate, or non-grantor trust.

One commenter supported the proposed definition of payor of record. This commenter requested confirmation that only one written statement per SPVL per year is required and acceptable, even if the loan has more than one borrower. The Treasury Department and the IRS confirm that as a result of the interaction between § 1.6050AA–1(b)(5) and (a)(2), when there are co-borrowers on an SPVL, only the payor of record is required to be furnished a written statement on the SPVL under § 1.6050AA–1(a)(2)(ii).

Another commenter requested clarification on what, if any, reporting obligations exist when the borrower is deceased at the time of the filing deadline. This commenter requested that the final regulations include guidance confirming that the interest recipient may rely on available public records, correspondence, or obligor account status indicators to determine whether to furnish a statement and that furnishing to the estate or co-obligor would satisfy the furnishing requirement.

No modifications are needed in the final regulations to the text used in proposed § 1.6050AA–1(b)(5). As a result of the interaction between § 1.6050AA–1(b)(5) and (a)(2), only the payor of record would be furnished a written statement on the SPVL under § 1.6050AA–1(a)(2)(ii). The payor of record on the SPVL can be a decedent's estate, and the death of the borrower does not eliminate the statutory reporting requirement.

C. Reporting by a Foreign Person

Under proposed § 1.6050AA–1(c)(1), an interest recipient that is a foreign person would be required to report with respect to interest received on an SPVL to the extent such interest is received at a location in the United States. Under proposed § 1.6050AA–1(c)(2), an interest recipient that is a foreign person and receives interest at locations outside the United States would be required to report only if the foreign person is a controlled foreign corporation (as defined in section 957(a) of the Code) or if 50 percent or more of the foreign person's gross income was effectively connected with the conduct of a trade or business within the United States.

One comment requested guidance regarding the information reporting obligations of foreign persons holding securitized interests in a vehicle loan. The Treasury Department and the IRS do not believe it is necessary to provide any additional clarification in response to this comment because foreign persons holding securitized interests in a vehicle loan with reporting obligations under section 6050AA are subject to the same requirements as domestic interest recipients holding securitized interests in a vehicle loan.

D. Reporting With Respect to a Nonresident Alien Individual, Foreign Decedent's Estate, or Foreign Non-Grantor Trust

Proposed § 1.6050AA–1(d)(1) provided that the reporting requirement of section 6050AA does not apply if the payor of record is a nonresident alien, foreign decedent's estate, or foreign non-grantor trust. Proposed § 1.6050AA–1(d)(2) provided the documentation rules that the interest recipient is required to follow to determine whether the payor of record is a nonresident alien individual, foreign decedent's estate, or foreign non-grantor trust.

Some commenters requested changes to proposed § 1.6050AA–1(d)(1) in the final regulations. One commenter requested specific language in the final regulations noting that the payor of record is presumed to be a U.S. person for section 6050AA purposes. Another commenter claimed that vehicle finance companies do not necessarily have data regarding the legal status of customers and requested that proposed § 1.6050AA–1(d)(2) and (3) be deleted in the final regulations so that finance companies are not required to determine the legal status of the payor of record.

The Treasury Department and the IRS understand the concern that vehicle finance companies may not currently have the documentation necessary to determine whether a particular payor of record is a nonresident alien individual, foreign decedent's estate, or foreign non-grantor trust. However, the documentation rules that the interest recipient is required to follow are similar to the longstanding rules applicable to nonresident alien individuals who pay mortgage interest in § 1.6050H–1(d)(2). Accordingly, the Treasury Department and the IRS decline to modify the reporting requirement of section 6050AA in the case of a payor of record that is a nonresident alien individual, foreign decedent's estate, or foreign non-grantor trust.

E. Amount of Interest Received on an SPVL for the Calendar Year

Under proposed § 1.6050AA–1(e), whether an interest recipient receives $600 or more of interest on an SPVL would be determined on an SPVL-by-SPVL basis. To make the regulations easier to read, the language in proposed § 1.6050AA–1(b)(2)(ii) (*De minimis rule*) and (e) (*Amount of interest received on SPVL for calendar year*) have been grouped together in new § 1.6050AA–1(f)(1) and (2), respectively, and new headings have been added to the paragraphs. The contents of proposed § 1.6050AA–1(e) have not been changed.

F. Requirement To File an Information Return

Section 6050AA(b) provides that the information return filed by the interest recipient must be in the form prescribed by the Secretary and must contain: (A) the name and address of the individual from whom such interest was received, (B) the amount of such interest received for the calendar year, (C) the amount of outstanding principal on the SPVL as of the beginning of such calendar year, (D) the date of origination of that loan, (E) the year, make, model, and VIN of the APV that secures that loan (or such other description of that vehicle as the Secretary may prescribe), and (F) any other information as the Secretary may prescribe.

Under proposed § 1.6050AA–1(f), the interest recipient would be required to file a form designated by the Secretary that contains: (i) the name, address, and taxpayer identification number of the payor of record; (ii) the name, address, and taxpayer identification number of the interest recipient; (iii) the amount of interest received for the calendar year; (iv) the amount of outstanding principal on the SPVL as of the beginning of such calendar year; (v) the date of origination of such loan; (vi) the year, make, model, and VIN of the APV that secures such loan; (vii) the date the SPVL was acquired; and (viii) any other information required by the form or its instructions.

Some commenters discussed the requirement to file an information return with the IRS. One commenter recommended allowing interest recipients to submit a single information return detailing all SPVL transactions for the reporting period. Another commenter noted the requirement to report the VIN, year, make, model, loan origination date, acquisition date, outstanding principal balances, and lien status would require system modifications. Other commenters claimed that interest recipients may experience difficulties accurately reporting the VIN. One commenter recommended that the final regulations provide a safe harbor for minor clerical errors in VIN reporting.

The Treasury Department and the IRS decline to change the requirement for interest recipients to file a return with the IRS for each SPVL, as this is expressly required by sections 6050AA(a) and 6724(d)(1)(B). The items in proposed § 1.6050AA–1(f) generally followed the items prescribed in section 6050AA(b)(2). The Treasury Department and the IRS understand that interest recipients may not currently track the VIN associated with the vehicle. Section 6050AA(b)(2)(E) requires the interest recipient to report the VIN of the APV that secures the loan on which interest is received. The Treasury Department and the IRS cannot modify this statutory requirement; in addition, an accurate VIN will enable the interest recipients and the IRS to verify other statutorily mandated information. See part III.B.1 of this Summary of Comments and Explanation of Revisions (*Applicable Passenger Vehicle (APV)*) for a discussion of how to determine if a vehicle is an APV.

One commenter requested clarification that the ''date acquired'' information ensures that the taxpayer can consolidate multiple information returns when there are multiple interest recipients for the same SPVL during the same calendar year. The Treasury Department and the IRS understand SPVLs may be sold or otherwise transferred to a new lender of record during the calendar year. The Treasury Department and the IRS confirm that the date acquired information provides the taxpayer with information regarding which period is covered by each information return rather than requiring consolidated reporting by multiple interest recipients.

G. Requirement To Furnish a Written Statement

Section 6050AA(c) provides that every person required to make an information return under section 6050AA(a) must also furnish to each individual whose name is required to be included in the return a written statement showing the name, address, and phone number of the information contact of the interest recipient, and the information required to be included in the information return under section 6050AA(b)(2)(B) through (F).

Proposed § 1.6050AA–1(g) would require the interest recipient that would be required to file a return under proposed § 1.6050AA–1(a) to furnish a statement to the payor of record. Under proposed § 1.6050AA–1(g), the recipient would be the payor of record and the written statement would be required to include the information that was reported on the form designated for this purpose. In addition, the written statement would be required to include a legend identifying the statement as important tax information that is being furnished to the IRS and stating that penalties may apply if the payor of record overstates a deduction for interest reported on the statement. Proposed § 1.6050AA–1(g)(2)(ii) would also require that the written statement include a legend stating that the payor of record may be unable to deduct the full amount of SPVL interest reported on the statement.

Several commenters claimed the interest recipients should not be required to furnish a written statement to the payor of record. In general, these commenters recommended allowing the interest recipient to provide the amount of interest received to the payor of record either on a monthly statement or via an online portal, similar to the requirements of Notice 2025–57. The Treasury Department and the IRS decline to change the requirement to furnish a statement to the payor of record, as this is expressly required by sections 6050AA(c) and 6724(d)(2)(MM).

Many commenters recommended that the Treasury Department and the IRS confirm that the taxpayer has the ultimate responsibility for determining whether and to what extent the taxpayer is able to claim the deduction allowed under section 163(h)(4). The Treasury Department and the IRS confirm the taxpayer has the ultimate responsibility for deductions claimed on the taxpayer's Federal income tax return. To minimize the risk of recipients claiming an interest deduction that is limited by section 163(h)(4)(C) or for which they are otherwise ineligible, the written statement must include a legend providing certain information.

Some commenters discussed the legend described in proposed § 1.6050AA–1(g)(2)(iii). One commenter stated that the legend is quite lengthy and might be improved if simplified. Two commenters expressed concern that the legend inappropriately deputizes the interest recipient as an enforcement authority or tax deduction eligibility auditor.

The Treasury Department and the IRS decline to make any changes to the legend in response to these comments. The legend described in § 1.6050AA–1(h)(2)(iii) is similar to the legend required on written statements reporting mortgage interest in § 1.6050H–

2(b)(2)(ii) and (iii). The use of similar language is helpful to taxpayers and minimizes the risk of recipients being confused by any differences between the two forms. Finally, the legend reinforces the principle that it is the taxpayer who must make the final decision on whether and how much to claim as a deduction on the tax return.

One commenter recommended that an option to provide an electronic statement to the payor be added to the final regulations. Another commenter recommended that the final regulations clarify that the written statement can be sent in an electronic form if the payor of record has consented to receiving disclosures electronically under the Electronic Signatures in Global and National Commerce Act (E-SIGN Act), Public Law 106–229, 114 Stat. 464 (June 30, 2000).

The Treasury Department and the IRS decline to modify the rules regarding the electronic furnishing of certain payee statements because they are outside the scope of these regulations. The revenue procedure relating to electronic furnishing of certain payee statements is generally updated annually and is also reproduced as IRS Publication 1179, *General Rules and Specifications for Substitute Forms 1096, 1098, 1099, 5498, and Certain Other Information Returns.* See Rev. Proc. 2025–22, 2025–30 I.R.B. 200, and Publication 1179 published July 21, 2025. The Treasury Department and the IRS emphasize that interest recipients can utilize existing procedures for electronic furnishing of the payee statement. Interest recipients can also provide comments on Notice 2026–4, which requests comments on whether the Treasury Department and the IRS should modify the electronic furnishing requirements applicable to persons required to furnish payee statements. See Notice 2026–4, 2026–13 I.R.B. 726 (March 23, 2026).

H. Transition Relief

Several commenters recommended that the Treasury Department and the IRS extend the transition relief provided in Notice 2025–57. Other commenters recommended that the final regulations include a phased implementation timeline.

The OBBBA was signed into law on July 4, 2025. Section 163(h)(4), as amended, and new section 6050AA apply to indebtedness incurred after December 31, 2024. The statute provides for reporting related to indebtedness incurred prior to the enactment of the OBBBA. The Treasury Department and the IRS understand that recipients needed time to make the necessary changes to their systems to comply with their new information reporting responsibility under section 6050AA. In Notice 2025–57, the Treasury Department and the IRS provided transitional guidance with respect to the reporting obligations under section 6050AA with regard to interest that the recipient received on an SPVL in calendar year 2025. However, taxpayers need the information reported under section 6050AA to complete their personal income tax returns, and interest recipients will have had approximately 18 months from the enactment of the OBBBA to the time that they will need to begin reporting under section 6050AA. Therefore, the Treasury Department and the IRS are not including additional transitional guidance or phased implementation in the final regulations.

Some commenters requested penalty relief for good-faith efforts made by interest recipients or reasonable cause relief during the initial compliance period. Another commenter requested that the Treasury Department and IRS clarify whether reasonable cause relief would apply when the interest recipient lacks access to necessary data despite commercially reasonable efforts. In the refinance context, one commenter requested confirmation that an interest recipient would not be penalized for relying in good faith on its books and records for identifying the payor of record and the information available to it in connection with refinancing, including borrower attestations and payoff documentation from the prior lender.

Section 6721 imposes a penalty for any failure to file an information return on or before the required filing date, and for any failure to include all the information required to be shown on a return or the inclusion of incorrect information. Section 6722 imposes a penalty for any failure to furnish a payee statement on or before the required furnishing date to the person to whom such statement is required to be furnished, and for any failure to include all the information required to be shown on a payee statement or the inclusion of incorrect information. Section 6724(a) provides that no penalty may be imposed under sections 6721 and 6722 if it is shown that any such failure was due to reasonable cause and not willful neglect. The Treasury Department and the IRS have determined that providing additional safe harbors or reasonable cause relief is unnecessary in light of the statutory provision in section 6724(a).

One commenter requested clarification on the interaction between the applicability date included in the final regulations and Notice 2025–57. The Treasury Department and the IRS confirm that an interest recipient may satisfy the reporting obligations under section 6050AA for interest received in calendar year 2025 by satisfying the reporting obligations under section 6050AA for calendar year 2025 as described in Notice 2025–57.

I. Miscellaneous

A couple of commenters discussed recordkeeping requirements. One commenter requested additional clarification on the recordkeeping and reporting requirements for taxpayers. Another commenter recommended adding a specific record retention requirement for recipients of interest to the final regulations in § 1.6050AA–1.

Taxpayers are required to maintain records that are sufficient to enable the IRS to determine their correct tax liabilities. See section 6011 and § 1.6001–1(a). The Treasury Department and the IRS have determined that providing additional record retention requirements for taxpayers is both unnecessary and outside the scope of these regulations. With respect to the information returns required by section 6050AA, it is unnecessary to prescribe specific recordkeeping requirements because § 1.6050AA–1(g)(2) prescribes the information that must be reported by interest recipients.

IV. Explanation of Revisions to Proposed §§ 301.6011–2, 301.6721–1, and 301.6722–1

The final regulations include a revision to proposed § 301.6011–2 to reflect that Form 1098–VLI is used to report information required under section 6050AA. The final regulations also include revisions to proposed §§ 301.6721–1 and 301.6722–1 that are necessary as a result of correcting amendments to TD 9991, 91 FR 13220, published March 19, 2026. The language in proposed § 301.6721–1(j)(2) and (j)(2)(i) and proposed § 301.6722–1(g)(2) and (g)(2)(i) were published in the correcting amendments to TD 9991 and are not republished in the final regulations. The language in proposed § 301.6721–1(j)(2)(ii) has been moved to § 301.6721–1(j)(2)(iii). Second, the language in proposed § 301.6722–1(g)(2)(ii) has been moved to § 301.6722–1(g)(2)(iii). The contents of these provisions are not being revised in the final regulations.

Special Analyses

I. Regulatory Planning and Review—Economic Analysis

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.

The final 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 Executive Order 12866 pursuant to the Memorandum of Agreement (MOA, July 4, 2025) between the Treasury Department and the Office of Management and Budget regarding review of tax regulations. OIRA has determined that the final rulemaking is significant under section 3(f)(1) of Executive Order 12866 and subject to review under Executive Order 12866 and section 1(b) of the MOA. Accordingly, the final regulations have been reviewed by OMB.

This final rule is expected to be an Executive Order 14192 regulatory action.

Need for Regulation

Section 70203 of Public Law 119–21, 139 Stat. 72 (July 4, 2025), commonly known as the One, Big, Beautiful Bill Act (OBBBA), amends section 163(h) of the Internal Revenue Code [2] to provide a newly allowable income tax deduction for qualified passenger vehicle loan interest (QPVLI). In the absence of regulations, taxpayers would face substantial uncertainty about which vehicle loan interest is eligible for the deduction. The OBBBA also establishes section 6050AA of the Code to require interest recipients receiving at least $600 of interest on a specified passenger vehicle loan (SPVL) within a calendar year to file an information return with the Internal Revenue Service (IRS) and furnish a statement to the payor of record. In the absence of guidance, interest recipients would face uncertainty about how to comply with the requirements.

[2] References to a ''section'' are to a section of the Internal Revenue Code of 1986, as amended (Code), unless otherwise indicated.

The final regulations clarify the statute for taxpayers and lenders, including by: defining ''personal use'' and providing a standard for ''personal use'' of a vehicle; clarifying the requirements for interest to be QPVLI; clarifying the requirements for indebtedness to be an SPVL; defining ''indebtedness incurred for the purchase of an applicable passenger vehicle'' to include the cost of warranties, service plans, and other amounts customarily financed in a vehicle purchase transaction that are directly related to the purchased vehicle; establishing which information must be reported by lenders to comply with the information reporting requirements; clarifying that the deduction is limited to $10,000 per return, regardless of the taxpayer's filing status; providing rules for determining whether ''final assembly'' of a vehicle occurred in the United States; and offering further definitions and clarifications of terms in section 163(h)(4) and section 6050AA, such as the vehicle identification number (VIN).

I. The Statute and Final Regulations

Under section 163(h)(1), certain taxpayers cannot deduct personal interest paid or accrued during the taxable year. Section 70203(a) of the OBBBA adds a new section 163(h)(4) to the Code. Section 163(h)(4)(A) provides that, in the case of taxable years beginning after December 31, 2024, and before January 1, 2029, personal interest does not include QPVLI. This allows taxpayers to deduct QPVLI for taxable years beginning after December 31, 2024, and before January 1, 2029. Section 163(h)(4)(B) defines QPVLI as any interest that is paid or accrued during the taxable year on indebtedness incurred by the taxpayer after December 31, 2024, for the purchase of, and that is secured by a first lien on, an applicable passenger vehicle (APV) for personal use. Section 163(h)(4)(B) also includes exceptions to QPVLI, such as financing for commercial vehicles or lease financing, and a requirement for taxpayers to include the VIN of the APV on the tax return in order to claim the deduction.

The final regulations provide definitions and clarifications of terms related to QPVLI in section 163(h)(4) and section 6050AA. The final regulations clarify that individuals, decedents' estates, and non-grantor trusts may deduct QPVLI. The final regulations provide that interest is only QPVLI if the interest is paid or accrued during the taxable year on indebtedness that is an SPVL secured by a first lien on an APV and is not otherwise excluded from the definition of QPVLI. The final regulations adopt a standard for personal use that provides that a taxpayer is considered to purchase an APV for personal use if, at the time the indebtedness is incurred, the taxpayer expects that the APV will be used for personal use by the taxpayer, the taxpayer's spouse, or an individual that is related to the taxpayer within the meaning of section 152(c)(2) or (d)(2) of the Code, or any combination of these individuals, for more than 50 percent of the time the taxpayer expects to own the APV. The 50 percent threshold is intended to correspond to a vehicle being predominantly used for ''personal use'' within the meaning of section 163(h)(4)(B)(i) while still allowing taxpayers with considerable non-personal use to benefit from the deduction. If the taxpayer is a decedent's estate or non-grantor trust, personal use is tested based on the use by legatees or heirs, or beneficiaries, respectively. Further, under the final regulations, the taxpayer is not required to reevaluate compliance with the personal use standard in taxable years after the indebtedness is incurred. The final regulations also clarify that taxpayers may not deduct the same interest as both QPVLI and otherwise deductible interest (such as a business interest expense) and that taxpayers must report certain information relating to vehicle interest deducted independent of QPVLI.

Typical auto loan sales contracts indicate an ''amount financed'' that may include property and services in addition to the amount for the price of the vehicle. The final regulations provide that indebtedness incurred for the purchase of an APV as well as for certain items or amounts customarily financed in an APV purchase transaction that are directly related to the purchased APV is an SPVL and therefore interest paid or accrued on such indebtedness is potentially eligible to be deducted. The final regulations describe certain items and services that are considered customarily financed in an APV purchase transaction that are directly related to the purchased APV, such as vehicle service plans, extended warranties, sales taxes, and vehicle-related fees. Indebtedness not incurred for the purchase of an APV nor for any other items or amounts customarily financed in an APV purchase transaction that are directly related to the purchased APV is not an SPVL, and, therefore, interest paid or accrued on such indebtedness is not QPVLI. For example, to the extent that a taxpayer incurs indebtedness to purchase collision and liability insurance that is not a credit insurance product or to purchase any property or services unrelated to the vehicle (for example, a trailer or a boat), that indebtedness is not an SPVL, and, therefore, interest paid or accrued on that indebtedness is not QPVLI.

Section 163(h)(4)(C) establishes limitations on the amount of QPVLI that a taxpayer may deduct. The dollar limit is $10,000 per taxable year. The final regulations clarify that this limit applies regardless of the taxpayer's filing status for that taxable year. Additionally, under section 163(h)(4)(C)(ii)(I), the deduction for QPVLI is reduced (but not below zero) by $200 for each $1,000 (or portion thereof) by which the taxpayer's modified adjusted gross income (MAGI) exceeds $100,000 ($200,000 in the case of a married couple filing a joint return). Section 163(h)(4)(C)(ii)(II) defines ''modified adjusted gross income'' for the purposes of this phaseout as adjusted gross income of the taxpayer for the taxable year plus any amount excluded from gross income under sections 911, 931, or 933 of the Code. The final regulations clarify that for estates and non-grantor trusts, the MAGI phaseout is applied to the estate or trust, not with respect to the beneficiaries of the estate or trust; and for estates and non-grantor trusts, MAGI means AGI as defined in section 67(e) of the Code.

Section 163(h)(4)(D) defines the term ''applicable passenger vehicle.'' The criteria for an APV include that its original use must commence with the taxpayer and that its final assembly must have occurred in the United States. The final regulations provide rules for determining whether original use of a vehicle begins with the taxpayer, rules for whether a vehicle's final assembly occurred in the United States, and definitions for other APV-related terms used in the statute. Original use generally commences with the first person that takes delivery of a vehicle after the vehicle is sold, registered, or titled. For purchasers that incur indebtedness to purchase a vehicle, original use does not commence with the taxpayer unless the loan documentation treats the vehicle as a new vehicle. The final regulations provide that taxpayers can determine the location of final assembly by (1) the plant of manufacture as reported in the VIN or (2) the final assembly point reported on the label affixed to the vehicle.

Section 163(h)(4)(E) provides other definitions and special rules. These include the treatment of refinancing and of indebtedness owed to related parties. The final regulations clarify that for refinanced loans, the amount of the new loan on which interest may be considered QPVLI is limited to the outstanding balance of the refinanced loan as of the date of the refinancing.

Section 70203(b) of the OBBBA amends section 63(b) of the Code so that the deduction for QPVLI is allowed for taxpayers who do not elect to itemize their deductions. The final regulations clarify that the deduction is available to taxpayers who itemize their deductions and to taxpayers who claim the standard deduction.

Section 70203(c) of the OBBBA adds a new section 6050AA to the Code that establishes information reporting requirements for vehicle loan interest. Any person who, in the course of a trade or business, receives from any individual more than $600 in a calendar year on an SPVL must provide an information return to the IRS and furnish a statement to the payor of record. The final regulations provide operational definitions and rules for complying with the information reporting requirements. The final regulations clarify the need to report the date the SPVL was acquired; require that the statement to the payor of record includes a legend clarifying that the taxpayer may be unable to deduct the full amount of interest shown on the statement; and offer guidance on reporting by and to certain foreign persons. To prevent duplicate reporting, the final regulations also provide that if an interest recipient's records for a loan do not indicate which borrower is the principal borrower, the interest recipient must designate a principal borrower. This follows established practice with respect to information reporting requirements for qualified residence interest.

II. Baseline

The Treasury Department and the IRS have assessed the benefits and costs of the final regulations relative to a no-action baseline reflecting anticipated Federal income tax-related behavior in the absence of the final regulations.

III. Affected Entities and Taxpayers

The final regulations affect individuals, decedents' estates, and non-grantor trusts that may deduct QPVLI, and also affect any person engaged in a trade or business, who, in the course of that trade or business, receives interest aggregating $600 or more for any calendar year on an SPVL and is therefore subject to certain information reporting requirements. As described in the preamble to the final regulations, interest recipients receiving less than $600 of interest on an SPVL have the option to provide information returns.

Under section 163(h)(4), the deduction is limited to interest on loans for vehicles with final assembly occurring in the U.S. whose original use commences with the taxpayer. The Treasury Department and the IRS estimate that in 2024, roughly 6 million loans originated on new U.S.-assembled vehicles. See Table A. Retail sales of new light vehicles in the U.S. totaled about 16 million in 2024;[3] roughly 60 percent of new vehicle purchases are financed with loans;[4] and analysis of vehicle model sales data suggests that about 60 percent of vehicles sold in the U.S. undergo U.S. final assembly. The Treasury Department and the IRS do not have an estimate of the number of decedents' estates and non-grantor trusts that are obligors on vehicle loans.

TABLE A—ESTIMATED ANNUAL LOANS ON NEW U.S.-ASSEMBLED VEHICLES

1. 2024 U.S. new light vehicle sales	16 million.
2. Share of new vehicle sales financed with loans	60 percent.
3. Of new vehicles sold, share with U.S. final assembly	60 percent.

[3] ''Light vehicle retail sales in the United States from 1976 to 2024,'' Statista, last accessed October 27, 2025, *https://www.statista.com/statistics/199983/us-vehicle-sales-since-1951/; https://www.bts.gov/content/new-and-used-passenger-car-sales-and-leases-thousands-vehicles;* ''New and used passenger car and light truck sales and leases,'' Bureau of Transportation Statistics, last accessed October 27, 2025, *https://www.bts.gov/content/new-and-used-passenger-car-sales-and-leases-thousands-vehicles.* The 16 million total transactions (row 1 of Table A) includes leases; the share of new vehicle transactions financed with a loan (row 2 of Table A), used to estimate the number of loans on new U.S.-assembled vehicles, excludes leases.

[4] ''State of the Automotive Finance Market Report: Q2 2025,'' Experian, last accessed October 27, 2025, *https://www.experian.com/automotive/auto-credit-webinar-form;* ''New and used passenger car and light truck sales and leases,'' Bureau of Transportation Statistics, last accessed October 27, 2025, *https://www.bts.gov/content/new-and-used-passenger-car-sales-and-leases-thousands-vehicles.*

TABLE A—ESTIMATED ANNUAL LOANS ON NEW U.S.-ASSEMBLED VEHICLES—Continued

4. Estimated annual loans on new vehicles with U.S. final assembly	Approximately 6 million.

Notes: Row 4 is the rounded product of rows 1, 2, and 3.
Sources: "Light vehicle retail sales in the United States from 1976 to 2024," Statista, last accessed October 27, 2025, *https://www.statista.com/statistics/199983/us-vehicle-sales-since-1951/; https://www.bts.gov/content/new-and-used-passenger-car-sales-and-leases-thousands-vehicles;* "New and used passenger car and light truck sales and leases," Bureau of Transportation Statistics, last accessed October 27, 2025, *https://www.bts.gov/content/new-and-used-passenger-car-sales-and-leases-thousands-vehicles;* "State of the Automotive Finance Market Report: Q2 2025," Experian, last accessed October 27, 2025, *https://www.experian.com/automotive/auto-credit-webinar-form;* manufacturer vehicle model sales data.

To identify the number of businesses that the final regulations are expected to affect, the Treasury Department and the IRS analyzed confidential tax return data. For tax year 2023, approximately 36,000 businesses filed a tax return with North American Industry Classification System (NAICS) codes for new car dealers (code 441110), motorcycle dealers (code 441227), car loan lenders (code 522220), and consumer lending (code 522291). See Table B. This total does not include used car dealers because the statute and regulations only apply to loans for new vehicles.

TABLE B—ESTIMATED NUMBER OF AFFECTED BUSINESSES BY NAICS CODE

New car dealers (441110)	17,800
Motorcycle dealers (441227)	4,100
Car loan lenders (522220)	5,800
Consumer lending (522291)	8,100
Total	35,800

Notes: The table shows counts of tax year 2023 filers of forms 1065, 1120S, or 1120. NAICS codes appear in parentheses.
Source: Treasury Department analysis of confidential tax return data, October 24, 2025.

IV. Economic Effects of the Final Regulations

The final regulations clarify the statute and facilitate taxpayers claiming the QPVLI deduction. Consider, for example, a taxpayer who is purchasing a vehicle. For most people, a vehicle is a major purchase, and there are many elements to be considered along the way, including choices between a new versus used vehicle, a U.S.-assembled versus foreign-assembled vehicle, and a cash purchase versus a loan or a lease. With the introduction of the deduction for QPVLI, the taxpayer now faces questions about whether and how the statute interacts with the vehicle and financing choices they make. For instance, in the absence of guidance, the taxpayer may not know whether their expected personal use of the vehicle is sufficient to claim the deduction or whether a vehicle meets the standard for U.S.-final assembly.

The final rules assist the taxpayer in understanding and claiming the QPVLI deduction. For example, the final regulations direct taxpayers to the National Highway Traffic Safety Administration (NHTSA) VIN Decoder website to determine whether a vehicle underwent final assembly in the United States, a necessary condition for the vehicle loan interest to be eligible for the deduction. By facilitating taxpayers' understanding of which vehicles are American made and an APV under the statute, the final regulations reduce taxpayer compliance burden and, as a result, may also increase consumer demand for APVs and SPVLs, namely loans for new U.S.-assembled vehicles. The Treasury Department and the IRS do not have readily available parameters and models to quantify the extent of this increase in demand for U.S. assembled vehicles or debt financing. The following sections describe in further detail the potential economic impacts of specific elements of the final regulations.

a. Personal Use Standard

Section 163(h)(4) limits the deduction to vehicles purchased for personal use. The final regulations provide a standard for personal use. To meet the standard, the taxpayer must expect at the time of purchase that the APV will be used for personal use for more than 50 percent of the time the taxpayer expects to own the APV. An alternative standard of personal use could have required mostly or exclusively personal use of a vehicle for loan interest to be considered QPVLI.

The 50 percent personal use standard benefits taxpayers who debt-finance mixed-use vehicles who would be disallowed from taking the deduction for QPVLI under stricter, alternative standards. Interest on a vehicle loan that is properly allocable to a trade or business is generally deductible under section 163(a). Consider, for example, a taxpayer who finances the purchase of an APV expecting for 60 percent of use to be for personal use and 40 percent for use in a trade or business. Assume for a given tax year the taxpayer pays $3,500 in interest on the vehicle loan, drives the vehicle 55 percent for personal use and 45 percent for use in a trade or business, and meets all other requirements to deduct QPVLI and interest properly allocable to a trade or business. (Note that 55 percent personal use for this tax year differs somewhat from the taxpayer's expected 60 percent personal use over the cumulative time the taxpayer expects to own the vehicle.) Under a strict personal use standard for QPVLI, such as exclusive personal use, the taxpayer would be prohibited from deducting any interest as QPVLI, and would only be able to deduct the interest attributable to use in a trade or business ($1,575, equal to 45 percent of the $3,500 of interest paid during the year), provided all of the other requirements for deducting interest properly allocable to a trade or business are met. Under the 50 percent personal use standard, the taxpayer can potentially deduct all $3,500 in interest as QPVLI. Alternatively, the taxpayer would have discretion to deduct $1,575 (45 percent of $3,500) as interest properly allocable to a trade or business and $1,925 as QPVLI ($3,500 minus $1,575). The 50 percent personal use standard benefits taxpayers with mixed-use vehicles who, under a strict personal use standard, would be able to deduct only interest properly allocable to a trade or business.

The Treasury Department and the IRS examined public survey data and confidential tax records to assess the prevalence of mixed-use vehicles that may be affected by the personal use standard. Analysis of Panel Study of Income Dynamics (PSID) data suggests that, in 2023, 11 percent of personally owned vehicles were used for mixed personal and business purposes.[5] An alternative and narrower standard of personal use, such as exclusive personal use, would exclude roughly 700,000 loans (11 percent of the estimated 6 million total shown in Table A) from potential eligibility for the QPVLI deduction. See Table C.

TABLE C—ESTIMATED ANNUAL LOANS ON NEW U.S.-ASSEMBLED VEHICLES FOR MIXED PERSONAL AND BUSINESS USE

1. Estimated annual loans on new U.S.-assembled vehicles	6 million.
2. Share of personally owned vehicles used for mixed personal and business purposes	11 percent.
3. Estimated annual loans on new U.S.-assembled vehicles for mixed personal and business use	Approximately 700,000.

Notes: Row 3 is the rounded product of rows 1 and 2.

Sources: Row 2 is derived from the 2023 Panel Study of Income Dynamics, variable ER82936. Row 1 is derived in Table A, with data sourced from: ''Light vehicle retail sales in the United States from 1976 to 2024,'' Statista, last accessed October 27, 2025, *https://www.statista.com/statistics/199983/us-vehicle-sales-since-1951/; https://www.bts.gov/content/new-and-used-passenger-car-sales-and-leases-thousands-vehicles;* ''New and used passenger car and light truck sales and leases,'' Bureau of Transportation Statistics, last accessed October 27, 2025, *https://www.bts.gov/content/new-and-used-passenger-car-sales-and-leases-thousands-vehicles;* ''State of the Automotive Finance Market Report: Q2 2025,'' Experian, last accessed October 27, 2025, *https://www.experian.com/automotive/auto-credit-webinar-form;* manufacturer vehicle model sales data.

Tax records also contain information on mixed personal and business use vehicles. Sole proprietors file Schedule C to record business income and expenses, including car or truck expenses. On part IV of Schedule C, certain taxpayers are required to enter information on their vehicle, including the date a vehicle was placed in service for business purposes; the number of miles driven for business, commuting, and other purposes; and whether the vehicle was available for personal use during off-duty hours.[6]

Schedule C data has several limitations for analysis of the personal use standard. First, Schedule C does not distinguish between new versus used cars, U.S.- versus foreign-assembled cars, or cars financed with loans versus cars that are leased or purchased with cash. Because sole proprietors will not have an SPVL as a result of the purchase of used cars or foreign-assembled cars, nor as a result of the cash purchase or lease of any cars, totals of mixed-use vehicles from part IV of Schedule C overstate the number of sole proprietors' vehicles that the personal use standard will affect. Second, the data available for analysis cover predominantly electronically filed returns of Schedule C rather than paper filed returns. Third, the Schedule C data do not include vehicle expenses that taxpayers may deduct on Schedules E and F. Fourth, the Schedule C data indicate when the car was placed into service for business use rather than when the individual first acquired the car. The available Schedule C data nonetheless provide insight on the prevalence of personal use of sole proprietors' business vehicles.

The Treasury Department and the IRS estimate that in tax year 2023, sole proprietors who filed electronically placed 5 million vehicles in service for business purposes.[7] See Table D. About 80 percent of these taxpayers indicated that the vehicle was also available for personal use during off-duty hours. Among filers for whom the vehicle was available for personal use, roughly 40 percent drove the vehicle more than 50 percent of its total mileage for personal use. The typical filer drove the vehicle for majority business use; the median share of total miles driven for business purposes was about 80 percent. These estimates suggest that a substantial share of taxpayers with vehicles for business use would benefit from the 50 percent personal use standard, relative to a strict alternative standard, such as exclusive personal use.

TABLE D—STATISTICS ON TAX YEAR 2023 SOLE PROPRIETOR VEHICLE USE FROM SCHEDULE C, PART IV

1. Sole proprietors' vehicles placed in business service in tax year 2023 *	5 million.
2. Of vehicles placed in business service in tax year 2023 (row 1), the share reported to be available for personal use	80 percent.
3. Of vehicles placed in business service in 2023 and available for personal use, the share reported with more than 50 percent of mileage for personal use.	40 percent.
4. Of vehicles placed in business service in 2023 and available for personal use, the median share of miles driven for business use.	80 percent.

* This total does not correspond to vehicles that are APVs; it includes used, leased, and foreign-assembled vehicles, which are not APVs. See the text for further detail on the Schedule C data and its limitations.

Source: Treasury Department analysis of confidential tax return data, October 24, 2025.

The personal use rules also benefit taxpayers by providing clarity. In the absence of a personal use standard, two taxpayers with otherwise similar tax situations would face uncertainty as to whether this deduction applies to their situation. Without guidance, these taxpayers might make different choices as to whether their vehicle loan interest qualifies for the deduction, and, therefore, face different tax liabilities. Consider, for example, two taxpayers who each buy an APV expecting for 75 percent of its use to be for personal use and 25 percent for business use (assume they meet all other requirements to claim the deduction). Taxpayer A interprets the section 163(h)(4) personal

[5] See variable ER82936 in the 2023 PSID. The survey language is: ''Not counting routine use to get to and from work, is this vehicle also used for business purposes?''

[6] Taxpayers are required to fill out part IV of Schedule C only if they claim car or truck expenses on Schedule C and are not required to file Form 4562, *Depreciation and Amortization,* for the business in question. Taxpayers who have ''listed property,'' including automobiles, are required to enter information on such automobiles in Section B of Part V of Form 4562.

[7] The 5 million total reflects sole proprietorship-vehicle pairs. A sole proprietor who placed the same vehicle in service for multiple businesses in 2023 would appear more than once in this total. Because Schedule C does not include a VIN or other unique vehicle identifier, Treasury and the IRS cannot distinguish these cases—the same vehicle placed in service for multiple businesses—from cases in which a sole proprietor placed multiple vehicles in service for multiple businesses.

use requirement to mean that interest on the loan is not QPVLI, because the vehicle is partly for business use. In contrast, Taxpayer B interprets the personal use requirement to mean that interest on the loan is QPVLI because a majority of the use of the vehicle is for personal use. The final regulations ensure that these two taxpayers use the same standard of personal use and are subject to the same tax treatment.

The personal use standard, relative to a stricter alternative standard, may change vehicle purchase patterns among taxpayers who use their vehicles for mixed personal and business purposes (vehicles on which loan interest would not be considered QPVLI under a strict personal use standard). For this population, the 50 percent personal use standard would increase the economic appeal of financing relative to cash purchases and would increase the economic appeal of new U.S.-assembled vehicles relative to used or foreign-assembled vehicles. The extent of consumption changes along these margins depends on several interacting factors, including: the extent to which increased demand for new U.S.-assembled vehicles driven by the deduction affects the prices of these vehicles; substitution elasticities between new and used vehicles and between vehicles assembled in the U.S. and assembled abroad; [8] the salience of the tax deduction at the time of purchase; [9] and the extent to which taxpayers perceive the deduction as temporary, as prescribed in statute, or likely to be extended by future policymakers. The Treasury Department and the IRS do not have readily available parameters and models to precisely assess the impact. House Budget Committee Report 119–106 expects the deduction to promote domestic manufacturing.

b. Personal Use Determined Soley by Taxpayer Expectation at Time Debt Is Incurred

The final regulations provide that personal use is determined only once, based on taxpayers' expectation at the time indebtedness is incurred. An alternative standard could have required taxpayers to evaluate their expected use each year or document personal use each year to continue to qualify for the deduction. A repeated certification requirement would result in considerable compliance burden to taxpayers, particularly among taxpayers whose vehicles will be exclusively for personal use. The final regulations would benefit taxpayers by simplifying the process of claiming the QPVLI deduction, relative to a requirement for annual certification of sufficient personal use.

c. Personal and Business Use Allocation

Under the final regulations, if a taxpayer meets the personal use standard (more than 50 percent of expected use of an APV for personal use), the vehicle loan may be considered an SPVL. Alternative guidance could have required taxpayers to allocate amounts of loan interest attributable to personal and business uses of the APV and allowed only interest directly linked to personal use to be deducted. The final rules streamline the process and reduce the compliance burden of deducting QPVLI for taxpayers and administering the deduction for the IRS. Many taxpayers with mixed personal and business use vehicles already track and allocate personal and business mileage for Federal income tax purposes. For these taxpayers, the final regulations promote flexibility by allowing taxpayers who meet the personal use standard and all other requirements to deduct vehicle loan interest solely as QPVLI or, to the extent the taxpayers have interest properly allocable to a trade or business, as a business expense.

d. Specified Passenger Vehicle Loan (SPVL) and Further Definitions

The final regulations clarify what constitutes an SPVL. Specifically, the final rules provide that indebtedness qualifies as an SPVL only if the indebtedness is incurred for the purchase of an APV and for items and amounts customarily financed in an APV purchase transaction that are directly related to the purchased APV. These items include vehicle service plans, extended warranties, and sales taxes and vehicle-related fees. Indebtedness incurred for collision and liability insurance or to purchase any property or services unrelated to the APV (for example, a trailer or a boat) is not considered an SPVL. The final regulations strengthen the incentive for debt financing of the items and amounts included in the SPVL definition (such as warranties and sales taxes), relative to a rule that excluded those items and amounts from the SPVL definition.

Alternative guidance could have prescribed that only debt directly attributable to the price of the vehicle is an SPVL and therefore that only interest on that portion of the loan is deductible. Such an alternative standard could result in substantial compliance costs to taxpayers and to lenders and interest recipients in requiring allocations of indebtedness and associated interest. For amounts customarily financed together, such as the price of the vehicle itself and sales taxes and warranties on the vehicle, identifying and allocating which interest is attributable to which portion of total indebtedness would be difficult and costly to administer. The guidance benefits taxpayers by removing uncertainty and reduces burden relating to what taxpayers may consider an SPVL. According to Autotrader, for financed vehicle purchases, ''taxes and dealer fees are almost always included in the payment.'' [10] A substantial share of taxpayers with QPVLI would therefore benefit from the SPVL definition, relative to an alternative definition that would require taxpayers to identify separately interest attributable to the price of the vehicle and items and amounts customarily financed with the vehicle. Relatedly, an SPVL definition limited strictly to the price of the vehicle may also require additional information reporting that burdens interest recipients and lenders. The SPVL definition benefits entities subject to information reporting requirements because taxpayers can determine their QPVLI without needing information on interest amounts related to the price of the vehicle separate from interest amounts related to items and amounts customarily financed with the vehicle.

II. Paperwork Reduction Act

The Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3520) (PRA) generally requires that a Federal agency obtain the approval of the Office of Management and Budget (OMB) before collecting information from the public, whether that collection of information is mandatory, voluntary, or required to obtain or retain a benefit. 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 control number assigned by the OMB.

[8] There is limited evidence on elasticities relating directly to the country of vehicle assembly. See Grieco et al. (2024) for estimates on consumer responsiveness to price changes across vehicle manufacturers. Grieco, Paul L.E., Charles Murry, and Ali Yurukoglu. 2024. ''The Evolution of Market Power in the U.S. Automobile Industry.'' *The Quarterly Journal of Economics* 139 (2): 1201–1253, *https://academic.oup.com/qje/article-abstract/139/2/1201/7276495?redirectedFrom=fulltext.*

[9] Chetty, Raj, Adam Looney, and Kory Kroft. 2009. ''Salience and Taxation: Theory and Evidence.'' *American Economic Review* 99 (4): 1145–77, *https://www.aeaweb.org/articles?id=10.1257/aer.99.4.1145.*

[10] ''Are taxes and fees included in car financing?'', Autotrader, last accessed October 28, 2025, *https://www.autotrader.com/car-shopping/financing-a-car-are-taxes-and-fees-included-in-financing-222154.*

The collection of information in these regulations contains reporting and recordkeeping requirements. The recordkeeping requirements mentioned in the final regulations are considered general tax records under § 1.6001–1(e). These records are required for the IRS to validate that taxpayers have met the regulatory requirements and are entitled to the deduction for QPVLI under section 163(a) and (h)(4) and to verify the amount of the deduction claimed. For PRA purposes, general tax records are already approved by the OMB under 1545–0074 for individuals and 1545–0092 for trust and estate filers.

The final regulations also mention reporting requirements related to claiming the deduction for QPVLI under section 163(a) and (h)(4). These collections will be made by eligible taxpayers as part of filing a return (such as the appropriate Form 1040 or 1041), including filling out the relevant schedules. These forms are approved by the OMB under 1545–0074 for individuals and 1545–0092 for trust and estate filers.

The final regulations also include reporting, third-party disclosure, and recordkeeping requirements required under section 6050AA as set forth in § 1.6050AA–1. These collections of information will be used by the IRS for tax compliance purposes and by taxpayers to help calculate their deduction. The burden associated with these information collections is included within the Form and Instructions for Form 1098–VLI. The Form 1098–VLI has been approved by the OMB, in accordance with 5 CFR 1320.10, under OMB control number 1545–2334.

No public comments were received by the IRS directed specifically at the PRA, but comments were received by the IRS on the proposed information collection and proposed reporting requirements and the burdens associated with the documentation requirements contained in the proposed regulations. As described in the relevant portions of this preamble, the Treasury Department and the IRS have determined that the documentation requirements are necessary to administer section 163(h)(4) and related information reporting and penalty provisions.

Many commenters requested that the Treasury Department and the IRS consider the time and cost for interest recipients to make adjustments to their systems to capture required data. The Treasury Department and the IRS acknowledge and appreciate that interest recipients may need to make adjustments to their systems and current processes to capture the required data. However, as a result of the interaction between sections 6050AA and 163(h)(4), certain information such as determining whether a vehicle is an APV and whether the interest is received on an SPVL, is required by statute. See parts III.B.1 and III.B.5 of the Summary of Comments and Explanation of Revisions (*Applicable Passenger Vehicle (APV)* and *Specified Passenger Vehicle Loan (SPVL),* respectively) for a discussion of these requirements. The Treasury Department and the IRS have not changed the estimated burden of this reporting because commenters did not provide information relating to the additional costs associated with this reporting.

Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by section 6103 of the Code.

III. Regulatory Flexibility Act

The Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*) (RFA) imposes certain requirements with respect to Federal rules that are subject to the notice and comment requirements of section 553(b) of the Administrative Procedure Act (5 U.S.C. 551 *et seq.*) and that are likely to have a significant economic impact on a substantial number of small entities. Unless an agency determines that a proposal will not have a significant economic impact on a substantial number of small entities, section 604 of the RFA requires the agency to present a final regulatory flexibility analysis (FRFA) of the final regulations.

The Treasury Department and the IRS have determined the final regulations will likely have a significant impact on a substantial number of small entities. Accordingly, an FRFA is provided in the final regulations.

A. Need for and Objectives of the Rule

The final regulations provide the eligibility rules and key definitions regarding the QPVLI deduction, the deduction allowed by section 163(h)(4), to allow taxpayers to determine whether their interest is QPVLI. In addition, the final regulations provide the operational, administrative, and definitional rules for persons in a trade or business to comply with the statutory information reporting requirements under section 6050AA with interest received on an SPVL.

Congress intended the OBBBA provision regarding the QPVLI deduction to ease the financial burden of car ownership for individuals and promote domestic manufacturing. See House Budget Committee report on the OBBBA, H. Rept. 119–106, at 1510 (2025). The final regulations are intended to facilitate the easing of the financial burden of car ownership by providing the information necessary for taxpayers to claim the deduction. Additionally, the final regulations are consistent with the promotion of domestic manufacturing. The rules direct taxpayers to the NHTSA VIN lookup tool to help taxpayers and interest recipients determine whether a vehicle had undergone final assembly in the United States, a necessary condition for the vehicle to be an APV. Because the final regulations assist taxpayers claiming the deduction, the rules may also increase consumer demand for vehicles with final assembly in the United States. Over time, this may lead manufacturers to increase production and assembly of vehicles in the United States in order to meet demand for vehicles that are eligible to be APVs. Thus, the Treasury Department and the IRS intend and expect that the final regulations will deliver benefits across the economy that will favorably impact individuals, vehicle dealers, and the domestic manufacturing industry, including vehicle manufacturers.

Section 6050AA establishes information reporting requirements with respect to interest received on an SPVL. Information reporting under section 6050AA will provide taxpayers with information needed to claim the QPVLI deduction. The final regulations are expected to facilitate the preparation of tax returns and reduce the number of inadvertent errors by taxpayers who claim the deduction. The Treasury Department and the IRS also intend and expect that the final regulations will provide certainty to interest recipients required to comply with the statutory reporting requirements under section 6050AA.

B. Significant Issues Raised by Public Comments in Response to the Initial Regulatory Flexibility Analysis

No public comments were received by Treasury and the IRS that directly addressed the initial regulatory flexibility analysis of the proposed regulations, but comments were received by the IRS on the general burdens associated with the proposed information collection, proposed reporting requirements, and documentation requirements contained in the proposed regulations. Some commenters referenced the entity size of specific interest recipients, including credit unions, and stated that these interest recipients do not currently track all the information necessary to comply with the proposed regulations. As described in the relevant portions of this preamble, the Treasury Department and the IRS have determined that the requirements included in the final regulations are necessary to administer section 163(h)(4) and related information reporting and penalty provisions. The Treasury Department and the IRS also have determined that the statutory language does not authorize or support separate information reporting requirements for small entities.

C. Affected Small Entities

The RFA directs agencies to provide a description of, and if feasible, an estimate of, the number of small entities that may be affected by the final regulation. The Small Business Administration estimates in its 2023 Small Business Profile that 99.9 percent of United States businesses meet its definition of a small business. The applicability of the final regulations does not depend on the size of the business, as defined by the Small Business Administration. Small Business Administration regulations provide small business size standards by NAICS Industry. See 13 CFR 121.201.

As described more fully in this preamble to the final regulations and in this FRFA, these rules may affect a variety of different businesses across several different industries but will primarily affect dealers of new vehicles and financial entities that would be required to file and furnish information returns under section 6050AA. The NAICS includes dealers of new vehicles and financial entities in NAICS codes for new car dealers (code 441110), motorcycle dealers (code 441227), car loan lenders (code 522220), and consumer lending (code 522291).

Based on confidential tax return data, the Treasury Department and the IRS expect approximately 36,000 businesses to issue information returns under section 6050AA. See part I.III of this Special Analysis (*Affected Entities and Taxpayers*). This total does not include used car dealers because the statute and final regulations only apply to loans for new vehicles. Of the estimated 36,000 car and motorcycle loan lenders, the Treasury Department and the IRS expect 24,600 would likely be considered a small entity.

D. Impact of the Rules

The final regulations will increase the recordkeeping and reporting requirements for businesses that provide loans for new cars and motorcycles. Although the Treasury Department and the IRS do not have sufficient data to precisely determine the likely extent of the increased costs of compliance, the estimated burden of complying with the recordkeeping and reporting requirements are described in part II of this Special Analyses (*Paperwork Reduction Act*). Based on the estimated number of responses (8,000,000) and the estimated time to respond of 0.25 hours, the estimated burden is 2,000,000 total annual burden hours.

E. Alternatives Considered for Small Businesses

The Treasury Department and the IRS considered several alternatives to the final regulations that would have reduced the burden on small businesses. For example, the Treasury Department and the IRS considered a delay for reporting by small businesses. Although this would ease the burden on small businesses, it would increase the burden on individuals who need the information reported under section 6050AA to accurately claim the deduction for QPVLI on their Federal income tax returns. Accordingly, as discussed in part III.H of the Summary of Comments and Explanation of Revisions (*Transition Relief*), the Treasury Department and the IRS decided not to delay reporting under section 6050AA.

Another alternative considered was whether interest recipients should not be required to furnish a written statement to the payor of record and be permitted instead to provide this information to the payor of record either on a monthly statement or via an online portal. However, as discussed in part III.G of the Summary of Comments and Explanation of Revisions (*Requirement to Furnish a Written Statement*), the requirement to furnish a statement to the payor of record is expressly required by sections 6050AA(c) and 6724(d)(2)(MM).

IV. Section 7805(f)

Pursuant to section 7805(f), the proposed regulations (REG–113515–25) preceding this final regulation were submitted to the Chief Counsel for the Office of Advocacy of the Small Business Administration for comment on its impact on small business, and no comments were received.

V. Unfunded Mandates Reform Act

Section 202 of the Unfunded Mandates Reform Act of 1995 (UMRA) 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 (updated annually for inflation). The final 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. The final regulations do not have federalism implications and do not impose substantial direct compliance costs on State and local governments or preempt State law within the meaning of the Executive order.

VII. Congressional Review Act

Pursuant to the Congressional Review Act (5 U.S.C. 801 *et seq.*), the Office of Information and Regulatory Affairs designated this rule as a major rule, as defined by 5 U.S.C. 804(2).

Statement of Availability of IRS Documents

Guidance cited in this preamble is published in the Internal Revenue Bulletin and is 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 regulations is Riston Escher, Office of the Associate Chief Counsel (Income Tax & Accounting), IRS. However, other personnel from the Treasury Department and the IRS participated in their development.

List of Subjects

26 CFR Part 1

Income taxes, Reporting and recordkeeping requirements.

26 CFR Part 301

Employment taxes, Excise taxes, Income taxes, Penalties, Reporting and recordkeeping requirements.

Amendments to the Regulations

Accordingly, the Treasury Department and IRS amend 26 CFR parts 1 and 301 as follows:

PART 1—INCOME TAXES

■ **Paragraph 1.** The authority citation for part 1 is amended by adding an entry in numerical order for § 1.6050AA–1 to read in part as follows:

Authority: 26 U.S.C. 7805 * * *

* * * * *

Section 1.6050AA–1 is also issued under 26 U.S.C. 6050AA(e).

* * * * *

■ **Par. 2.** Section 1.163–16 is added to read as follows:

§ 1.163–16 Qualified passenger vehicle loan interest.

(a) *Overview*—(1) *In general.* In computing the taxable income for a taxable year beginning after December 31, 2024, and before January 1, 2029, of a taxpayer described in paragraph (a)(2) of this section, for purposes of the deduction allowable under section 163(a) of the Internal Revenue Code (Code), section 163(h)(4) excludes qualified passenger vehicle loan interest (QPVLI), from the definition of *personal interest* paid or accrued during the taxable year for which a deduction would be disallowed under section 163(h)(1). See paragraph (b) of this section for definitions of terms used in section 163(h)(4) and this section.

(2) *Taxpayers that may deduct QPVLI*—(i) *In general.* Only a taxpayer that is an individual, decedent's estate, or non-grantor trust may deduct QPVLI in computing the taxpayer's taxable income.

(ii) *Deduction available without regard to whether the taxpayer itemizes deductions.* Under section 63(b)(7) of the Code, the deduction for QPVLI allowable under section 163(h)(4) may be taken by a taxpayer without regard to whether the taxpayer itemizes deductions or takes the standard deduction.

(b) *Definitions.* The following definitions apply for purposes of section 163(h)(4) and this section:

(1) *Applicable passenger vehicle (APV).* The term *applicable passenger vehicle* or *APV* means a vehicle that satisfies the requirements of paragraph (e)(1) of this section.

(2) *Dealer.* The term *dealer* means a person licensed by a State, the District of Columbia, the Commonwealth of Puerto Rico, any other territory or possession of the United States, an Indian Tribal government (as defined in section 7701(a)(40) of the Code), or an Alaska Native Corporation (as defined in section 3 of the Alaska Native Claims Settlement Act (43 U.S.C. 1602(m)) to engage in the sale of vehicles. This term includes a dealer licensed by any jurisdiction that makes sales at sites outside of the jurisdiction in which it is licensed.

(3) *Final assembly.* The term *final assembly* means the process by which a manufacturer produces a vehicle at, or through the use of, a plant, factory, or other place from which the vehicle is delivered to a dealer with all component parts necessary for the mechanical operation of the vehicle included with the vehicle, whether or not the component parts are permanently installed in or on the vehicle.

(4) *Grantor trust.* A *grantor trust* is any portion of a trust that is treated as being owned by one or more persons under sections 671 through 679 of the Code.

(5) *Independently deductible interest.* The term *independently deductible interest* means interest that satisfies the requirements of paragraph (g)(1) of this section.

(6) *Items or amounts customarily financed in an APV purchase transaction that are directly related to the purchase of the APV.* The term *items or amounts customarily financed in an APV purchase transaction that are directly related to the purchase of the APV* means any item or amount that is customarily financed in an APV purchase transaction, and that is directly related to the purchase of the APV, as determined on an industry-wide basis and not by reference to the financing terms of a particular financing entity.

(7) *Lease financing.* The term *lease financing* means a transaction that is not a purchase of an APV, and under which a taxpayer has usage rights with respect to an APV but is not considered the owner of the APV under State or other applicable law.

(8) *Modified adjusted gross income*—(i) *Individuals.* The term *modified adjusted gross income,* in the case of an individual, means adjusted gross income (as defined in section 62 of the Code) increased by any amount excluded from gross income under sections 911, 931, or 933 of the Code.

(ii) *Decedents' estates and non-grantor trusts.* The term *modified adjusted gross income,* in the case of a decedent's estate or non-grantor trust, means adjusted gross income as defined in section 67(e) of the Code.

(9) *Negative equity.* The term *negative equity* means existing indebtedness on a vehicle traded in as part of a purchase transaction for an APV, to the extent such indebtedness exceeds the vehicle's trade-in value specified by the contract for the purchase of the APV.

(10) *Non-grantor trust.* The term *non-grantor trust* means a trust (or the portion of a trust) that is not a grantor trust.

(11) *Personal use.* The term *personal use* means use by an individual other than in any trade or business (except for the use in the trade or business of performing services as an employee), or for the production of income.

(12) *Purchase.* The term *purchase* means an acquisition that is both an acquisition of a vehicle for Federal income tax purposes and the acquisition of the title of the vehicle for purposes of State or other applicable law.

(13) *Qualified passenger vehicle loan interest (QPVLI).* The term *qualified passenger vehicle loan interest* or *QPVLI* means any interest that satisfies the requirements of paragraph (c)(1) of this section.

(14) *Qualified vehicle type*—(i) *In general.* The term *qualified vehicle type* means one of the following vehicle types:

(ii) *Car.* The term *car* means a vehicle classified in one of the classes of passenger automobiles listed in 40 CFR 600.315–08(a)(1).

(iii) *Minivan.* The term *minivan* means a minivan as defined under 40 CFR 600.002.

(iv) *Van.* The term *van* means a van as defined under 40 CFR 600.002.

(v) *Sport utility vehicle.* The term *sport utility vehicle* means a sport utility vehicle as defined under 40 CFR 600.002.

(vi) *Pickup truck.* The term *pickup truck* means a pickup truck as defined under 40 CFR 600.002.

(vii) *Motorcycle.* The term *motorcycle* means a motorcycle as defined under 49 CFR 571.3(b).

(15) *Secured by a first lien.* The term *secured by a first lien* means a valid and enforceable security interest under State or other applicable law in an APV that is the first voluntary security interest recorded against the vehicle, regardless of subsequent involuntary liens such as tax liens or other similar security interests that may be given temporary higher priority at a later date following the date of purchase. An APV may be considered to be secured by a first lien as long as there is a lending agreement evidencing a security interest under State or other applicable law, even if that lien has not yet been perfected or recorded due to processing times or other similar delays arising under State or other applicable law. An APV may also be treated as secured by a first lien in limited circumstances in which a lien is removed in connection with the taxpayer no longer owning the vehicle but the taxpayer continues to be liable for a specified passenger vehicle loan (SPVL), such as a repossession of the

vehicle or insurance payout following a total loss claim.

(16) *Specified passenger vehicle loan (SPVL).* The term *specified passenger vehicle loan* or *SPVL* means indebtedness that satisfies the requirements of paragraph (d)(1) of this section.

(17) *Vehicle identification number (VIN).* The term *vehicle identification number* or *VIN* means a series of Arabic numbers and Roman letters that is assigned to a motor vehicle for identification purposes under 49 CFR 565.13.

(c) *Qualified passenger vehicle loan interest (QPVLI)*—(1) *In general.* Interest is QPVLI only if the interest is paid or accrued during the taxable year on indebtedness that is an SPVL secured by a first lien on an APV and is not excluded from the definition of QPVLI (as described in paragraphs (c)(4) and (5) of this section).

(2) *Determining the amount of interest paid or accrued during a taxable year*—(i) *In general.* Interest on an SPVL accrues on a daily basis over the term of the SPVL. The amount of QPVLI that is deductible by a taxpayer for the taxable year is determined under the taxpayer's overall method of accounting for Federal income tax purposes (either the cash receipts and disbursements method or an accrual method) or an applicable special method of accounting. For purposes of section 163(h)(4), the amount of QPVLI includes all interest payable with respect to the amount financed under an SPVL (that is, the amount of indebtedness that qualifies for purposes of determining whether indebtedness is an SPVL under paragraph (d)(2) of this section), including prepaid interest in the form of points and deferred or capitalized interest. QPVLI includes origination-related or financing-related charges, prepayment penalties, late payment charges, default-related charges, and similar fees, in each case if such charge, penalty, or fee is characterized as interest expense for Federal income tax purposes and included in the amount reported as interest received for the calendar year in the statement furnished by the interest recipient under section 6050AA(c) of the Code and § 1.6050AA–1(h).

(ii) *Allocation of payments.* In general, a payment on an SPVL is treated first as a payment of interest to the extent interest has accrued and remains unpaid on the SPVL as of the date the payment is due, and second, to the extent of any excess, as a payment of principal. See §§ 1.446–2(e) and 1.1275–2(a) for rules on allocating payments between interest and principal. However, for purposes of this paragraph (c)(2), the amount of interest for a calendar year is determined consistently with § 1.6050AA–1(f)(2) (special rule for interest accrued by January 15). For purposes of this paragraph (c)(2)(ii), a simple interest calculation may be used to determine the amount of interest that has accrued and remains unpaid on an SPVL when a payment on the SPVL is made. Under this simple interest calculation, interest accrues daily over the term of the SPVL based on its outstanding principal balance and the annual percentage rate or interest rate provided in the retail installment sales contract or other contract evidencing the SPVL.

(3) *Determining whether the SPVL is secured by a first lien on an APV*—(i) *In general.* In order for interest paid or accrued on an SPVL to be QPVLI, the SPVL must be secured by a first lien on the APV financed by the SPVL at the time the interest is paid or accrued. For example, the purchase of an APV with a credit card would generally not result in an SPVL secured by a first lien on an APV, because such indebtedness generally is not secured by the APV.

(ii) *Exception for a substitute vehicle due to an unforeseen intervening event.* In the case of an SPVL secured by a first lien on an APV that is replaced at a later time with a substitute vehicle that is an APV due to an unforeseen intervening event (for example, a defective APV is required to be replaced under State or other applicable law or an APV is required to be replaced under an insurance product), and as a result the SPVL is secured by a first lien on that substitute vehicle, the substitute vehicle is considered the initially purchased APV for purposes of this paragraph (c)(3), and for purposes of paragraphs (c)(5) and (d)(4) of this section.

(4) *Interest that is not QPVLI.* QPVLI does not include any amount paid or accrued on any of the following:

(i) A loan to finance fleet sales.

(ii) A loan incurred for the purchase of a commercial vehicle that is not used for personal purposes.

(iii) Any lease financing.

(iv) A loan to finance the purchase of a vehicle with a salvage title.

(v) A loan to finance the purchase of a vehicle intended to be used for scrap or parts.

(5) *VIN requirement.* Interest paid or accrued by the taxpayer during the taxable year on an SPVL is not treated as QPVLI and may not be deducted as QPVLI under section 163(a) unless the taxpayer reports the VIN of the purchased APV on the Federal tax return for the taxable year in the manner prescribed by the Internal Revenue Service in guidance published in the Internal Revenue Bulletin or in forms and instructions.

(6) *Examples.* The rules of paragraphs (c)(1), (c)(3), and (c)(4)(iii) of this section are illustrated by the following examples:

(i) *Example 1: Lease financing*—(A) *Facts.* Dealer is located in State Y. Dealer purchases an APV from the manufacturer and sells the car to Leasing Company. Leasing Company leases the car to A for a 120-month period in a transaction that is a lease for State Y purposes. At the end of the lease term, A has the option to purchase the car for a nominal amount. For Federal income tax purposes, the lease agreement is properly viewed as a sale. A makes lease payments during the taxable year.

(B) *Analysis.* A's lease payments are made under a lease financing transaction and do not qualify as QPVLI. Additionally, notwithstanding that the lease agreement is properly viewed as a sale for Federal income tax purposes, the transaction is not a purchase as defined in paragraph (b)(12) of this section and therefore the lease is not an SPVL. Accordingly, no amounts paid under the lease are QPVLI.

(ii) *Example 2: Defective vehicle replaced*—(A) *Facts.* A, a resident of State X, incurs an SPVL to purchase Vehicle 1. The SPVL is secured by a first lien on Vehicle 1. After purchase, A discovers Vehicle 1 is defective. Under State X law that requires the replacement of new vehicles with serious defects, the manufacturer replaces defective Vehicle 1 with Vehicle 2. As a result, the SPVL is secured by a first lien on Vehicle 2. Vehicle 2 is an APV with respect to A, as the original use of Vehicle 2 commences with A, and the vehicle meets all other requirements of an APV as described in paragraph (e) of this section. The SPVL continues to be in effect with no changes other than the substitution of Vehicle 1 for Vehicle 2 occurring under State X law. A continues making payments under the terms of the SPVL.

(B) *Analysis.* The interest paid or accrued on the SPVL that is now secured by Vehicle 2 is QPVLI. The SPVL is secured by a first lien on the APV that was purchased as a result of the incurred SPVL at the time that interest is paid or accrued. As Vehicle 1 was replaced with Vehicle 2, an APV, due to an unforeseen intervening event and the SPVL is secured by a first lien on Vehicle 2, Vehicle 2 is considered the initially purchased APV.

(d) *Specified passenger vehicle loan (SPVL)*—(1) *In general.* Indebtedness is an SPVL only if the indebtedness is incurred by the taxpayer after December 31, 2024, for the purchase of an APV for personal use, and is secured by a first lien on that APV.

(2) *Indebtedness incurred for the purchase of an APV*—(i) *In general.* For purposes of paragraph (d)(1) of this section, indebtedness is an SPVL only to the extent the indebtedness is incurred for the purchase of an APV and, if part of the same purchase transaction, for any other items or amounts customarily financed in an APV purchase transaction that are directly related to the purchase of the APV. Items or amounts customarily financed in an APV purchase transaction that are directly related to the purchase of the APV include, but are not limited to, vehicle service or repair plans (for example, mechanical repair coverage), vehicle protection products (including tire, wheel, paint, and interior protection products), key fob replacement plans, warranties or extended warranties, guaranteed asset protection (GAP) waiver or insurance that covers the difference between an APV's value and the outstanding balance of the indebtedness in the event of a total loss, credit insurance products (including credit-related accident, health, and life products), sales taxes, vehicle-related fees (including title and registration fees), and vehicle-related accessories that are components of the APV purchased as part of the APV transaction.

(ii) *Indebtedness that is not incurred for the purchase of an APV.* To the extent any indebtedness is not incurred by a taxpayer for the purchase of an APV or for any other items or amounts customarily financed in an APV purchase transaction that are directly related to the purchase of the APV, such indebtedness is not an SPVL even if it is incurred as part of a purchase transaction for an APV. For example, indebtedness incurred for the repayment of negative equity on a loan secured by a trade-in vehicle, to purchase collision and liability insurance that is not a credit insurance product, or to purchase any property or services unrelated to an APV (for example, a trailer or a boat) is not incurred by a taxpayer for the purchase of an APV or for any other items or amounts customarily financed in an APV purchase transaction that are directly related to the purchase of the APV, and as a result is not an SPVL. In addition, indebtedness is not incurred by a taxpayer for the purchase of an APV or for any other items or amounts customarily financed that are directly related to the purchase of the APV in an APV purchase transaction to the extent the indebtedness relates to cash proceeds that the taxpayer receives from the lender.

(iii) *Allocation of indebtedness*—(A) *In general.* Except as provided in paragraph (d)(2)(iii)(B) of this section, if a taxpayer incurs indebtedness described in both paragraphs (d)(2)(i) and (ii) of this section as part of the same transaction, the indebtedness must be allocated between the indebtedness described in paragraph (d)(2)(i) of this section and the indebtedness described in paragraph (d)(2)(ii) of this section. Only the portion of the indebtedness allocated to the indebtedness described in paragraph (d)(2)(i) of this section is an SPVL. In such cases, payments of interest and principal are allocated to the portion of the indebtedness described in paragraph (d)(2)(i) of this section and the portion of the indebtedness described in paragraph (d)(2)(ii) of this section on a pro rata basis.

(B) *Allocation of a down payment.* For purposes of determining the portion of the indebtedness described in paragraph (d)(2)(ii) of this section, any down payment (or other consideration provided by the taxpayer at the time of the APV purchase transaction) is applied first against any negative equity and any other amounts that are not incurred for the purchase of the APV or for other items or amounts customarily financed in an APV purchase transaction that are directly related to the purchase of the APV.

(3) *Related party indebtedness.* Any indebtedness owed to a person who is related to the taxpayer within the meaning of section 267(b) or section 707(b)(1) of the Code is not an SPVL.

(4) *Refinancing of an SPVL.* If a taxpayer refinances an SPVL (refinanced loan), the resulting indebtedness (new loan) is an SPVL if the new loan is secured by a first lien on the APV with respect to which the refinanced loan was incurred. The amount of the new loan that is an SPVL is limited to the outstanding balance of the refinanced loan as of the date of the refinancing. A taxpayer allocates principal and interest between the amount of the new loan that is an SPVL and the remaining portion of the indebtedness on a pro rata basis. For purposes of this paragraph (d)(4), if there is a change in obligor as part of the refinancing, the new loan is not an SPVL with regard to any subsequent obligor unless the refinancing is in connection with a change in obligor by reason of the obligor's death within the meaning of paragraph (d)(5)(ii) of this section.

(5) *Whether the SPVL was incurred by the taxpayer*—(i) *In general.* Except as provided in paragraph (d)(5)(ii) of this section, indebtedness is an SPVL only if that indebtedness was originally incurred by the taxpayer. For example, if an individual incurs an SPVL and subsequently ceases to be an obligor and another individual becomes the obligor on the indebtedness, the indebtedness is not an SPVL with respect to the other individual.

(ii) *Exception for a change in obligor by reason of the death of an obligor*—(A) *In general.* If a change in obligor is by reason of the death of an obligor of an SPVL, then the indebtedness is treated as an SPVL with respect to the new obligor.

(B) *Change in obligor by reason of the death of an obligor.* For purposes of paragraph (d)(5)(ii)(A) of this section, a change in obligor by reason of death includes the following:

(*1*) The succession to ownership of an APV subject to an SPVL by—

(*i*) The deceased obligor's estate;

(*ii*) A surviving joint owner of the APV; or

(*iii*) The surviving beneficiary designated by contract, a transfer on death provision, or by operation of law.

(*2*) A distribution of an APV subject to an SPVL by—

(*i*) A deceased obligor's estate to a legatee or heir; or

(*ii*) A trust that is made to a trust beneficiary by reason of death as described in this paragraph (d)(5)(ii).

(*3*) Any refinancing of an SPVL in connection with a transfer by reason of death as described in this paragraph (d)(5)(ii).

(C) *Not a change in obligor by reason of the death of an obligor.* A change in obligor by reason of death as described in this paragraph (d)(5)(ii) does not include a change resulting from the following:

(*1*) A sale, exchange, or other disposition of an APV by a decedent's estate or trust, other than a distribution described in paragraph (d)(5)(ii)(B)(*2*) of this section.

(*2*) Any disposition of an APV by an individual who received the APV by reason of death (unless that disposition is by reason of that individual's death and the change in obligor is described in paragraph (d)(5)(ii)(B) of this section).

(6) *Examples.* The rules of paragraphs (d)(2) and (4) of this section are illustrated by the following examples in which A is an individual who incurs indebtedness after December 31, 2024, to purchase an APV for personal use:

(i) *Example 1: Vehicle-related purchases*—(A) *Facts.* A finances the purchase of an APV for personal use by incurring a loan. The loan is secured by a first lien on the APV. The retail installment sales contract, which evidences the loan, indicates that the total amount financed is equal to the sum of the APV purchase price, the cost for an extended warranty, sales tax, title and registration fees, and a dealer document fee.

(B) *Analysis.* All of the amount financed under the loan is incurred for the purchase of an APV and for other items or amounts customarily financed in an APV purchase transaction that are directly related to the purchase of the APV. Accordingly, the loan is an SPVL and all of the interest on the loan may be deductible as QPVLI.

(ii) *Example 2: Non-vehicle-related purchase*—(A) *Facts.* A incurs indebtedness to finance the purchase of both an APV and a trailer. The indebtedness is secured by a first lien on the APV. The price of the trailer is added to the amount financed as part of the retail installment sales contract that includes the purchase price of the APV. A does not make a down payment.

(B) *Analysis.* The indebtedness attributable to the purchase price of the trailer included in the amount financed under the retail installment sales contract is not incurred for the purchase of an APV or for any other items or amounts customarily financed in an APV purchase transaction that are directly related to the purchase of the APV and therefore this indebtedness is not an SPVL under paragraph (d)(2)(ii) of this section. In accordance with the allocation rules in paragraph (d)(2)(iii) of this section, A must allocate the portion of the indebtedness that is allocable to the purchase price of the trailer to indebtedness described in paragraph (d)(2)(ii) of this section that is not an SPVL. Thus, none of the interest that is attributable to that portion of the indebtedness is QPVLI. The remaining portion of the indebtedness is allocated to indebtedness described in paragraph (d)(2)(i) of this section that is an SPVL.

(iii) *Example 3: Vehicle refinanced*—(A) *Facts.* A incurs indebtedness (Loan 1) to finance the purchase of an APV, and in a subsequent taxable year in which A is eligible to deduct QPVLI, A refinances Loan 1 by incurring new indebtedness of $38,000 (Loan 2), which is secured by a first lien on the APV. At the time of refinancing, the APV has a fair market value of $38,000 and Loan 1 has an outstanding balance of $30,000. The Loan 2 proceeds of $38,000 are used to first repay the $30,000 Loan 1 balance, with the remaining $8,000 going to A as cash proceeds.

(B) *Analysis.* Of the $38,000 amount financed by Loan 2, $8,000 is the amount of the resulting indebtedness that exceeds the amount of such refinanced indebtedness within the meaning of paragraph (d)(4) of this section. Only $30,000 of the $38,000 balance of Loan 2 is an SPVL per the rule in paragraph (d)(4) of this section. Thus, none of the interest attributable to the $8,000 portion of Loan 2 is interest that is deductible as QPVLI.

(iv) *Example 4: Negative equity and a down payment*—(A) *Facts.* A finances the purchase of an APV that costs $40,000, and trades in a previously owned vehicle subject to an existing vehicle loan with $6,000 of negative equity. A makes a down payment of $4,000 as part of the APV purchase transaction, incurring indebtedness of $42,000 ($40,000 plus $6,000 minus $4,000).

(B) *Analysis.* The $6,000 of negative equity is not an item or amount customarily financed in an APV purchase transaction that directly relates to the purchase of the APV. See paragraph (d)(2)(ii) of this section. In accordance with the allocation rules in paragraph (d)(2)(iii) of this section, A must allocate the $42,000 of indebtedness between indebtedness described in paragraph (d)(2)(i) of this section and indebtedness described in paragraph (d)(2)(ii) of this section. For purposes of determining the portion of the indebtedness described in paragraph (d)(2)(ii) of this section, the down payment of $4,000 is allocated against the $6,000 of negative equity. As a result, of the $42,000 of indebtedness incurred by A, $40,000 of the indebtedness incurred is indebtedness incurred for the purchase of an APV as described in paragraph (d)(2)(i) of this section and $2,000 is indebtedness not incurred for the purchase of an APV as described in paragraph (d)(2)(ii) of this section.

(v) *Example 5: Method of allocating interest*—(A) *Facts.* A finances the purchase of an APV for personal use by incurring a loan of $40,000, of which $36,000 was for amounts described in paragraph (d)(2)(i) of this section and of which $4,000 was for amounts described in paragraph (d)(2)(ii) of this section. A did not make a down payment.

(B) *Analysis.* Under paragraph (d)(2)(iii) of this section, the loan must be allocated between indebtedness that is an SPVL and indebtedness that is not an SPVL. The percentage of the loan that is described in paragraph (d)(2)(i) of this section and is an SPVL is 90 percent ($36,000/$40,000) and the percentage of the loan that is described in paragraph (d)(2)(ii) of this section and is not an SPVL is 10 percent ($4,000/$40,000). As a result, only 90 percent of each interest payment on the loan may be QPVLI. The remaining 10 percent of each interest payment on the loan is not QPVLI.

(e) *Applicable passenger vehicle (APV)*—(1) *In general.* A vehicle is an APV only if—

(i) The original use of the vehicle commences with the taxpayer (as described in paragraph (e)(2) of this section);

(ii) The vehicle is manufactured primarily for use on public streets, roads, and highways (not including a vehicle operated exclusively on a rail or rails);

(iii) The vehicle has at least 2 wheels;

(iv) The vehicle is a qualified vehicle type;

(v) The vehicle is treated as a motor vehicle for purposes of title II of the Clean Air Act;

(vi) The vehicle has a gross vehicle weight rating of less than 14,000 pounds; and

(vii) The final assembly of the vehicle occurs within the United States (as described in paragraph (e)(3) of this section).

(2) *Determining whether original use commences with the taxpayer*—(i) *In general.* Original use of a vehicle commences with the first person that takes delivery of the vehicle after the vehicle is sold, registered, or titled (taking into account paragraphs (e)(2)(ii) and (iii) of this section). In the case of a purchaser that incurs indebtedness for the vehicle purchase, original use of the vehicle does not commence with that purchaser unless the loan documentation treats the vehicle as a new vehicle.

(ii) *Dealers.* Original use of a vehicle held by a dealer does not commence with the dealer if the vehicle is held primarily for sale to customers in the ordinary course of its trade or business, and as a result the dealer is not considered to be the first person that takes delivery of the vehicle after it is sold, registered, or titled as described in paragraph (e)(2)(i) of this section. However, original use of a vehicle may commence with a dealer if the vehicle is held by the dealer for any purpose other than primarily for sale to customers in the ordinary course of its trade or business.

(iii) *Original use for joint purchasers.* If more than one person purchases a vehicle and one of these purchasers is the first person that takes delivery of the vehicle after the vehicle is sold, registered, or titled, then each of these purchasers is considered to be the first person that takes delivery of the vehicle after the vehicle is sold, registered, or titled as described in paragraph (e)(2)(i) of this section.

(iv) *Vehicle return exception.* If a purchaser that is not a dealer returns a vehicle to a seller within 30 days of taking delivery of the vehicle, then that purchaser will not be considered the first person that takes delivery of the vehicle after the vehicle is sold, registered, or titled for purposes of paragraph (e)(2)(i) of this section, and, accordingly, original use of the vehicle does not commence with that purchaser.

(v) *Examples.* The rules of this paragraph (e) are illustrated by the following examples:

(A) *Example 1: Demonstrator vehicles*—(*1*) *Facts.* Dealer purchases and takes delivery of a vehicle from the manufacturer. Dealer has always held the vehicle primarily for sale to customers in the ordinary course of Dealer's trade or business and also uses the vehicle as a demonstrator vehicle. Dealer titles and registers the vehicle in its name prior to use as a demonstrator vehicle in accordance with State law requirements.

(*2*) *Analysis.* Original use of the vehicle does not commence with Dealer. Although Dealer titled and registered the vehicle as required by State law, the vehicle was always held by Dealer primarily for sale to customers in the ordinary course of Dealer's trade or business. Accordingly, Dealer is not considered to be the first person that takes delivery of the vehicle after the vehicle is sold, registered, or titled. Original use of the vehicle may commence with a subsequent purchaser of the vehicle.

(B) *Example 2: Cancelled sale*—(*1*) *Facts.* A enters into a contract to purchase a special-order vehicle from Dealer that is estimated to be delivered in one month. When Dealer purchases the vehicle from the manufacturer, Dealer holds the vehicle primarily for sale to customers in the ordinary course of Dealer's trade or business. A cancels the order under the sales contract prior to the delivery occurring.

(*2*) *Analysis.* Original use of the vehicle does not commence with Dealer. The vehicle was always held by Dealer primarily for sale to customers in the ordinary course of Dealer's trade or business. Thus, Dealer is not considered to be the first person that takes delivery of the vehicle after the vehicle is sold, registered, or titled. Original use of the vehicle does not commence with A because A cancelled the order. A is not the first person that takes delivery of the vehicle after it is sold, registered, or titled. Original use of the vehicle may commence with a subsequent purchaser of the vehicle.

(C) *Example 3: Vehicle purchase following a lease*—(*1*) *Facts.* Dealer is engaged in the business of purchasing vehicles to sell to vehicle leasing companies. Dealer only holds these vehicles primarily for sale to customers in the ordinary course of Dealer's trade or business. Dealer sells a vehicle purchased from the manufacturer to Leasing Company. Leasing Company is not a dealer. Leasing Company takes delivery of the vehicle after titling and registering the vehicle in its name. Leasing Company immediately leases the vehicle to A. At the end of the lease term, A exercises its option under the lease agreement to purchase the vehicle.

(*2*) *Analysis.* Original use of the vehicle does not commence with Dealer. The vehicle was always held by Dealer primarily for sale to customers in the ordinary course of Dealer's trade or business. Thus, Dealer is not considered to be the first person that takes delivery of the vehicle after the vehicle is sold, registered, or titled. Original use of the vehicle commences with Leasing Company. Leasing Company is the first person that takes delivery of the vehicle after the vehicle is sold, registered, or titled. Accordingly, the original use of the vehicle does not commence with A as A is not the first person that takes delivery of the vehicle after the vehicle is sold, registered, or titled.

(D) *Example 4: Returned vehicle*—(*1*) *Facts.* A, who is not a dealer, purchases a vehicle from Dealer. Dealer purchased the vehicle from the manufacturer and has always held the vehicle primarily for sale to customers in the ordinary course of Dealer's trade or business. A returns the car to Dealer 15 days after taking delivery of the vehicle.

(*2*) *Analysis.* Original use of the vehicle does not commence with Dealer. The vehicle was always held by Dealer for sale to customers in the ordinary course of Dealer's trade or business. Thus, Dealer is not considered to be the first person that takes delivery of the vehicle after the vehicle is sold, registered, or titled. Original use of the vehicle does not commence with A. A is not considered to be the first person that takes delivery of the vehicle after it is sold, registered, or titled as A returned the vehicle to Dealer within 30 days of taking delivery of the vehicle. Original use of the vehicle may commence with a subsequent purchaser of the vehicle.

(3) *Determining whether final assembly has occurred within the United States.* To determine whether the final assembly of a vehicle occurred within the United States, a taxpayer may rely on—

(i) The vehicle's plant of manufacture as reported in the VIN; or

(ii) The final assembly point reported on the label affixed to the vehicle as described in 49 CFR 583.5(a)(3).

(f) *Determination of personal use*—(1) *In general.* A taxpayer that incurs indebtedness to purchase an APV is considered to purchase that APV for personal use if, at the time the indebtedness is incurred, that taxpayer expects that the APV will be used for personal use by the taxpayer, the taxpayer's spouse, or an individual that is related to the taxpayer within the meaning of section 152(c)(2) or (d)(2) of the Code, or any combination of these individuals, for more than 50 percent of the time. The determination of whether the taxpayer purchased the APV for personal use is based on the expected use during the period the taxpayer expects to own the APV.

(2) *Special rules for decedents' estates and non-grantor trusts.* For purposes of determining whether a decedent's estate or non-grantor trust that incurs indebtedness to purchase an APV expects that the APV will be used for personal use under paragraph (f)(1) of this section, the determination is based on the expected personal use by one or more of the legatees or heirs, or beneficiaries, respectively, who have a present or future interest in that decedent's estate or non-grantor trust; the spouse of a legatee, heir, or beneficiary; or an individual that is related to a legatee, heir, or beneficiary within the meaning of section 152(c)(2) or (d)(2).

(3) *Examples.* The rules of this paragraph (f) are illustrated by the following examples in which A is an individual:

(i) *Example 1: Predominant personal use*—(A) *Facts.* At the time A incurs indebtedness to purchase an APV, A expects to use the APV for A's personal use for 85 percent of the time. A expects to use the APV to earn income as a driver for a rideshare service for the remaining 15 percent of the time.

(B) *Analysis.* A is considered to have purchased the APV for personal use. At the time A purchases the APV, A expects that the APV will be used for personal use more than 50 percent of the time. A's expectation that A will use the APV to earn income as a driver for a rideshare service for 15 percent of the time does not preclude A from being considered to have purchased the APV for personal use.

(ii) *Example 2: Predominant business use*—(A) *Facts.* At the time A incurs indebtedness to purchase an APV, A expects to use the APV in A's contracting business that is a sole proprietorship for 60 percent of the time. A expects to use the APV for A's personal use for the remaining 40 percent of the time.

(B) *Analysis.* A is not considered to have purchased the APV for personal use. At the time A purchases the APV, A does not expect that the APV will be used for personal use more than 50 percent of the time.

(iii) *Example 3: Personal use by an individual related to the taxpayer*—(A) *Facts.* At the time A incurs indebtedness to purchase an APV, A expects the APV to be used exclusively for personal use by A's child B.

(B) *Analysis.* A is considered to have purchased the APV for personal use. At the time A purchases the APV, A expects that the APV will be used for personal use more than 50 percent of the time by B, an individual that is related to A within the meaning of section 152(c)(2) or (d)(2).

(g) *Independently deductible interest*—(1) *In general.* Independently deductible interest is limited to interest that is QPVLI determined under section 163(h)(4)(B)(i) (prior to the application of the dollar limitation of section 163(h)(4)(C)(i) described in paragraph (h)(1) of this section and determined without regard to this paragraph (g)) and that is otherwise deductible by the taxpayer as a different type of interest under section 163(a) or a different section of the Code.

(2) *Deducting independently deductible interest.* A taxpayer may deduct independently deductible interest paid or accrued by the taxpayer during the taxable year as QPVLI (subject to the application of the dollar limitation of section 163(h)(4)(C)(i) described in paragraph (h)(1) of this section), or alternatively, as a different type of interest described in paragraph (g)(1) of this section (non-QPVLI), subject to any applicable limitations. The amount of independently deductible interest that may be deductible as QPVLI for a taxable year (before the application of the dollar limitation of section 163(h)(4)(C)(i) described in paragraph (h)(1) of this section) is reduced to the extent that the taxpayer deducts that independently deductible interest as non-QPVLI.

(3) *Reporting independently deductible interest.* If a taxpayer deducts independently deductible interest in a taxable year as non-QPVLI under paragraph (g)(2) of this section, the taxpayer must report information relating to that independently deductible interest in the manner prescribed by the Internal Revenue Service in guidance published in the Internal Revenue Bulletin or in forms and instructions.

(4) *Examples.* The rules of this paragraph (g) regarding independently deductible interest are illustrated by the following examples in which A is an individual:

(i) *Example 1: Independently deductible interest*—(A) *Facts.* During the taxable year, A paid $1,000 of interest on an SPVL. During the taxable year, 40 percent of the use of the APV is attributable to A's trade or business. A may deduct the full $1,000 as QPVLI after considering the application of the modified adjusted gross income phaseout in paragraph (h)(2) of this section as A's modified adjusted gross income is less than $100,000.

(B) *Analysis.* $400 (40% of $1,000) is independently deductible interest because this amount is deductible as QPVLI and as business interest under section 163(a). Assume A may deduct the full $400 as business interest after considering any applicable limitations. A may deduct the interest paid on the SPVL in multiple ways including—

(*1*) A may deduct this $400 of interest as QPVLI. In this case, A would deduct all $1,000 of interest as QPVLI; or

(*2*) A may deduct this $400 as business interest. In this case, A would deduct $600 as QPVLI and $400 as business interest, because A must reduce its $1,000 of QPVLI by the $400 of interest deducted as business interest to determine the amount A can deduct as QPVLI. Additionally, A must report information relating to that independently deductible interest in the manner prescribed by the Internal Revenue Service in guidance published in the Internal Revenue Bulletin or in forms and instructions.

(ii) *Example 2: QPVLI limited by the dollar limitation*—(A) *Facts.* During the taxable year, A paid $12,000 of interest on an SPVL. During the taxable year, 30 percent of the use of the APV is attributable to A's trade or business. A may deduct up to $10,000 of the interest as QPVLI after considering the application of the dollar limitation and the modified adjusted gross income phaseout in paragraphs (h)(1) and (2) of this section as A's modified adjusted gross income is less than $100,000.

(B) *Analysis.* $3,600 (30% of $12,000) is independently deductible interest because this amount is deductible as QPVLI and as business interest under section 163(a). Assume A may deduct the full $3,600 as business interest after considering any applicable limitations. A may deduct the interest paid on the SPVL in multiple ways including—

(*1*) A may maximize QPVLI deducted. A may deduct $10,000 of interest as QPVLI, and deduct the remaining $2,000 as business interest. Additionally, A must report information relating to that independently deductible interest in the manner prescribed by the Internal Revenue Service in guidance published in the Internal Revenue Bulletin or in forms and instructions; or

(*2*) A may maximize business interest deducted. A may deduct $3,600 of business interest, and the remaining $8,400 as QPVLI. A has $12,000 of interest paid on an SPVL and must reduce that by the amount of independently deductible interest A deducts as business interest ($3,600). Additionally, A must report information relating to that independently deductible interest in the manner prescribed by the Internal Revenue Service in guidance published in the Internal Revenue Bulletin or in forms and instructions.

(iii) *Example 3: QPVLI limited by the dollar limitation*—(A) *Facts.* During the taxable year, A paid $15,000 of interest on an SPVL. During the taxable year, 20 percent of the use of the APV is attributable to A's trade or business. A may deduct up to $10,000 of the interest as QPVLI after considering the application of the dollar limitation and the modified adjusted gross income phaseout in paragraphs (h)(1) and (2) of this section as A's modified adjusted gross income is less than $100,000.

(B) *Analysis.* $3,000 (20% of $15,000) is independently deductible interest because this amount is deductible as QPVLI and as business interest under section 163(a). Assume A may deduct the full $3,000 as business interest after considering any applicable limitations. Therefore, the $3,000 is deductible as business interest or as QPVLI. If A were to deduct the $3,000 of independently deductible interest as QPVLI, the application of the dollar limitation in paragraph (h)(1) of this section would limit A's deduction of QPVLI to $10,000 of the $15,000. Instead, A may deduct $3,000 of interest as business interest and deduct $10,000 as QPVLI as the modified adjusted gross income phaseout in paragraph (h)(2) of this section does not reduce A's QPVLI deduction amount. Additionally, A must report information relating to that independently deductible interest in the manner prescribed by the Internal Revenue Service in guidance published in the Internal Revenue Bulletin or in forms and instructions.

(h) *Limitations*—(1) *Dollar limitation.* The amount taken into account as QPVLI by a taxpayer for any taxable year may not exceed $10,000 per

Federal tax return regardless of filing status.

(2) *Modified adjusted gross income phaseout.* The amount taken into account as QPVLI (after the application of the dollar limitation in paragraph (h)(1) of this section) is reduced (but not below zero) by $200 for each $1,000 (or portion thereof) by which the modified adjusted gross income of the taxpayer for the taxable year exceeds $100,000 or, in the case of a joint Federal income tax return, by which the modified adjusted gross income exceeds $200,000.

(3) *Examples.* The rules of this paragraph (h) are illustrated by the following examples:

(i) *Example 1: Dollar limitation*—(A) *Facts.* A and B are married and file a joint Federal income tax return. A incurs an SPVL to purchase Vehicle 1. B incurs an SPVL to purchase Vehicle 2. During the taxable year, A paid $6,000 of interest on the SPVL for Vehicle 1. B paid $5,000 of interest on the SPVL for Vehicle 2.

(B) *Analysis.* A and B can deduct no more than $10,000 as QPVLI on their joint Federal income tax return because of the dollar limitation described in paragraph (h)(1) of this section.

(ii) *Example 2: Modified adjusted gross income phaseout*—(A) *Facts.* A is an individual that paid $7,000 of QPVLI on an SPVL during the taxable year and files a Federal income tax return with a filing status as single. A has a modified adjusted gross income of $124,200 for the taxable year.

(B) *Analysis.* The maximum amount of QPVLI that A can deduct for the taxable year is $2,000. A's modified adjusted gross income is greater than $100,000. Therefore, the amount of QPVLI that can be taken into account as QPVLI after the application of the dollar limitation ($7,000) must be reduced by $200 for each $1,000 (or portion thereof) that A's modified adjusted gross income exceeds $100,000. A's modified adjusted gross income exceeds $100,000 by $24,200. Thus, the $7,000 amount must be reduced by $5,000, which is equal to $200 × 25 ($24,200/$1,000 = 24.2 (which is then rounded up to 25)).

(i) *Applicability date.* This section applies to taxable years beginning after December 31, 2024, and before January 1, 2029.

■ **Par. 3.** Section 1.6050AA–1 is added to read as follows:

§ 1.6050AA–1 Information reporting of applicable passenger vehicle loan interest received in a trade or business from an individual.

(a) *Information reporting requirement*—(1) *Overview.* The information reporting requirements of section 6050AA of the Internal Revenue Code (Code) and this section apply to an interest recipient who receives at least $600 of interest on a specified passenger vehicle loan (SPVL) from a payor of record for a calendar year for which interest is received. See paragraph (b) of this section for definitions of terms used in section 6050AA and this section.

(2) *Reporting requirement.* Except as otherwise provided in this section, an interest recipient that receives at least $600 of interest on an SPVL for a calendar year must—

(i) File an information return, as described in paragraph (g) of this section, with the Internal Revenue Service (IRS); and

(ii) Furnish a statement to the payor of record, as described in paragraph (h) of this section, on the SPVL.

(3) *Optional reporting.* An interest recipient may, but is not required to, report its receipt of less than $600 of interest on an SPVL for a calendar year. An interest recipient that chooses to file a return as provided in this section and to furnish a statement as provided in this section is subject to the requirements of this section.

(b) *Definitions.* The following definitions apply for purposes of section 6050AA and this section:

(1) *Applicable passenger vehicle (APV).* The term *applicable passenger vehicle* or *APV* has the meaning provided in § 1.163–16(b)(1).

(2) *Calendar year for which interest is received.* Except as provided in paragraph (f)(2) of this section, the *calendar year for which interest is received* is the later of the calendar year in which the interest is received or the calendar year in which the interest properly accrues.

(3) *Interest recipient.* An *interest recipient* is a person that is engaged in a trade or business (whether or not the trade or business of lending money) and that, in the course of that trade or business, receives from any payor of record interest on an SPVL. For purposes of this paragraph (b)(3), if a person holds an SPVL that was originated or acquired in the course of a trade or business, the interest on the SPVL is considered to be received in the course of that trade or business. The rules of this paragraph (b)(3) are illustrated by the following examples:

(i) *Example 1: Financing entity*—(A) *Facts.* Car manufacturer finance subsidiary A lends money to individual B to enable B to purchase an APV. B makes a payment to A of interest on the SPVL.

(B) *Analysis.* Under the rules of this paragraph (b)(3), A is an interest recipient for purposes of section 6050AA and is subject to the reporting requirements of section 6050AA.

(ii) *Example 2: Interest not in the course of the trade or business*—(A) *Facts.* C, a person engaged in the trade or business of being a physician, lends money to individual D to enable D to purchase an APV from car dealer A. D makes a payment to C of interest on the SPVL.

(B) *Analysis.* C is not an interest recipient for purposes of section 6050AA and this paragraph (b)(3) because C will not receive the interest in the course of the trade or business of being a physician. C does not need to file an information return reporting the interest received from D.

(iii) *Example 3: Dealer direct lending*—(A) *Facts.* E, a corporation, is a car dealer operating under the ‘‘buy here, pay here’’ model. E sells vehicles to customers and, as part of its ordinary course of business, extends financing directly to the purchasers. Customer F buys a vehicle from E and enters into an SPVL with E for the amount necessary to buy the vehicle. F pays E $1,200 of stated interest on the SPVL during the calendar year.

(B) *Analysis.* Because E is engaged in the trade or business of selling automobiles and receives interest on the SPVL in the course of that trade or business, E is an interest recipient for purposes of section 6050AA and must file an information return reporting the interest received from F.

(4) *Lender of record.* The *lender of record* is the person who, at the time the loan is originated, is named as the lender on the loan documents and whose right to receive payment from the payor of record is secured by a lien on the payor of record's APV. An intention by the lender of record to sell or otherwise transfer the loan to a third party subsequent to the close of the transaction does not affect the determination of who is the lender of record.

(5) *Payor of record.* The *payor of record* on an SPVL is the person specified on the books and records of the interest recipient as the principal borrower on the SPVL. If the books and records of the interest recipient do not indicate which borrower is the principal borrower, the interest recipient must designate a borrower as the principal borrower. The term *person* for purposes of this paragraph (b)(5) means any individual, decedent's estate, or trust that is not a grantor trust within the meaning of § 1.163–16(b)(10) (non-grantor trust).

(6) *Secretary.* The term *Secretary* has the meaning provided in section 7701(a)(11) of the Code.

(7) *Specified passenger vehicle loan (SPVL).* The term *specified passenger vehicle loan* or *SPVL* has the same meaning given by § 1.163–16(b)(16).

(c) *Interest received on behalf of another person*—(1) *In general.* A person that, in the course of its trade or business, receives or collects interest on an SPVL on behalf of another person (for example, the lender of record) is the interest recipient (initial recipient) for purposes of paragraph (b)(3) of this section with respect to the SPVL. In this case, the reporting requirement of paragraph (a) of this section does not apply to the transfer of interest from the initial recipient to the person for which the initial recipient receives or collects the interest. For example, if financial institution A collects interest on behalf of financial institution B, A is the initial recipient of interest for the SPVL and is subject to the reporting requirements of section 6050AA. B is not required to report the interest received on the SPVL from A.

(2) *Exception.* Paragraph (c)(1) of this section does not apply for any period for which—

(i) An initial recipient does not possess the information needed to comply with the reporting requirement of paragraph (a) of this section; and

(ii) The person for which the interest is received or collected would receive the interest in the course of its trade or business if the interest were paid directly to that person.

(3) *Application of the exception.* If the exception provided by paragraph (c)(2) of this section applies, the person for which the interest is received or collected is the interest recipient with respect to interest received or collected on the SPVL.

(4) *Presumption.* For purposes of this paragraph (c), if interest is received or collected on behalf of a person other than an individual, that person is presumed to receive interest in the course of its trade or business.

(5) *Examples.* The rules of this paragraph (c) are illustrated by the following examples:

(i) *Example 1: Servicer has the information needed to comply with the reporting requirement*—(A) *Facts.* Bank A lends money to individual B to purchase an APV. Bank A forms a securitization trust and sells securities that are backed by SPVLs. Securitization Servicer C is the loan servicer and collects interest on the SPVLs in the trust on behalf of Bank A. Securitization Servicer C has the initial information regarding loans in the trust (for example, loan amount details and VINs corresponding to the SPVLs), as well as information regarding the amounts of interest paid on the SPVLs, such that Securitization Servicer C has the information needed to comply with the reporting requirement of paragraph (a) of this section.

(B) *Analysis.* Securitization Servicer C is the initial recipient of interest for the SPVL and is subject to the reporting requirements of section 6050AA. Bank A is not required to report the interest received on the SPVL from Securitization Servicer C.

(ii) *Example 2: Servicer does not have the information needed to comply with the reporting requirement*—(A) *Facts.* Bank D lends money to individual E to purchase an APV. Bank D forms a securitization trust and sells securities that are backed by SPVLs. Payment Agent F collects interest on the SPVLs in the trust on behalf of Bank D, but Bank D otherwise acts as the loan servicer. Payment Agent F does not have the information needed to comply with the reporting requirement of paragraph (a) of this section.

(B) *Analysis.* Payment Agent F collects interest on behalf of Bank D. However, because Payment Agent F does not have the information needed to comply with the reporting requirement of paragraph (a) of this section, Payment Agent F is not the initial recipient of interest for the SPVL. Bank D is subject to the reporting requirements of section 6050AA.

(d) *Reporting by a foreign person.* An interest recipient that is not a United States person, as defined in section 7701(a)(30), must report interest received on an SPVL only if it receives the interest—

(1) At a location in the United States; or

(2) At a location outside the United States and—

(i) The interest recipient is a controlled foreign corporation, within the meaning of section 957(a) of the Code; or

(ii) 50 percent or more of the gross income of the interest recipient from all sources for the three-year period ending with the close of the taxable year preceding the receipt of interest (or for that part of the period for which the person was in existence) was effectively connected with the conduct of a trade or business in the United States.

(e) *Reporting with respect to a nonresident alien individual, foreign decedent's estate, or foreign non-grantor trust*—(1) *In general.* The reporting requirement of paragraph (a) of this section does not apply if the payor of record is a nonresident alien individual, a decedent's estate that is a foreign estate within the meaning of section 7701(a)(31)(A), or a non-grantor trust that is a foreign trust within the meaning of section 7701(a)(31)(B).

(2) *Nonresident alien individual, foreign decedent's estate, and foreign non-grantor trust.* For purposes of paragraph (e)(1) of this section, an interest recipient must apply the following documentation rules to determine whether a payor of record is a nonresident alien individual, foreign decedent's estate, or foreign non-grantor trust—

(i) If interest is paid outside the United States, the interest recipient must satisfy the documentary evidence standard provided in § 1.6049–5(c) with respect to the payor of record; and

(ii) If interest is paid within the United States, the interest recipient must secure from the payor of record an applicable Form W–8 (or a substitute form) that meets the validity and reliance requirements described in § 1.1441–1(e)(4).

(3) *Place of payment.* For purposes of paragraph (e)(2) of this section, the place of payment is the place where the payor of record completes the acts necessary to effect payment. An amount paid by transfer to an account maintained by an interest recipient in the United States or by mail to a United States address is considered to be paid within the United States.

(f) *Amount of interest received on an SPVL for calendar year*—(1) *De minimis rule for interest of less than $600.* Whether an interest recipient receives $600 or more of interest on an SPVL for a calendar year is determined on an SPVL-by-SPVL basis. An interest recipient need not aggregate the interest received on all of the SPVLs of a payor of record held by the interest recipient to determine whether the $600 threshold is met. Therefore, an interest recipient need not report interest of less than $600 received on an SPVL, even though it receives a total of $600 or more of interest on all of the SPVLs of the payor of record for a calendar year.

(2) *Interest accrued by January 15.* An interest recipient may treat interest received during the current calendar year that properly accrues by January 15 of the subsequent calendar year as interest received for the current calendar year. For example, if an interest recipient receives a monthly interest payment on December 31, Year 1, that includes interest accruing for the period December 5, Year 1, to January 5, Year 2, the interest recipient may treat the entire interest payment as received in Year 1. If a portion of the interest for which a payment received in a calendar year accrues after January 15 of the subsequent calendar year, an interest recipient must report as interest

received for the current calendar year only the portion that properly accrues by the end of the current calendar year. For example, if an interest recipient receives a monthly payment that includes interest accruing for the period December 20, Year 1, through January 20, Year 2, the interest recipient may not report as interest received for Year 1 any interest accruing after December 31, Year 1. The interest recipient must report the interest accruing after December 31, Year 1, as received for calendar Year 2.

(g) *Requirement to file a return*—(1) *Form of the return.* An interest recipient must file a return required by paragraph (a) of this section on the form specified by the Secretary for this purpose, with Form 1096, *Annual Summary and Transmittal of U.S. Information Returns.* An interest recipient may use forms containing provisions substantially similar to those in the forms specified by the Secretary for this purpose if it complies with applicable revenue procedures relating to those forms. An interest recipient must file a separate return for each SPVL for which it receives $600 or more of interest for a calendar year.

(2) *Information included on the return.* An interest recipient must include on the form specified by the Secretary for this purpose—

(i) The name, address, and taxpayer identification number of the payor of record;

(ii) The name, address, and taxpayer identification number of the interest recipient;

(iii) The amount of interest received for the calendar year;

(iv) The amount of outstanding principal on the SPVL as of the beginning of the calendar year;

(v) The date of the origination of the SPVL;

(vi) The year, make, model, and vehicle identification number of the APV that secures the SPVL;

(vii) The date the SPVL was acquired; and

(viii) Any other information required by the form specified by the Secretary for this purpose or its instructions.

(3) *Time and place for filing the return; cross-references to penalty and electronic filing requirements.* An interest recipient must file a return required by paragraph (a) of this section on or before February 28 (March 31 if filed electronically) of the year following the calendar year for which it receives the interest. An interest recipient must file the return required by paragraph (a) of this section with the IRS office designated in the instructions for the form. For provisions relating to the penalty provided for the failure to file a correct information return required by paragraph (a) of this section, see § 301.6721–1 of this chapter. See § 301.6724–1 of this chapter for the waiver of a penalty if the failure is due to reasonable cause and not due to willful neglect. See § 301.6011–2(b) of this chapter for the requirement to submit the information returns required by this section electronically.

(h) *Requirement to furnish a statement*—(1) *In general.* An interest recipient that must file a return under paragraph (a) of this section must furnish a statement to the payor of record.

(2) *Information included on the statement.* An interest recipient must include on the statement that it furnishes to the payor of record—

(i) The name, address, and phone number of the information contact of the person required to make such return;

(ii) The information required under paragraph (g)(2) of this section;

(iii) A legend that—

(A) Identifies the statement as important tax information that is being furnished to the IRS; and

(B) Notifies the payor of record that if the payor of record is required to file a return, a negligence penalty or other sanction may be imposed if the IRS determines that an underpayment of tax results because the payor of record overstated a deduction for this interest (if any) on the payor of record's return; and

(iv) A legend stating that the payor of record may be unable to deduct the full amount of SPVL interest reported on the statement; that limitations based on the payor of record's modified adjusted gross income may apply; and that the payor of record may deduct QPVLI only to the extent the SPVL was incurred by, and the QPVLI was actually paid by, the payor of record.

(3) *Copy of the form determined by the Secretary to the payor of record.* An interest recipient will satisfy the requirement of paragraph (h)(1) of this section by furnishing to a payor of record a copy of the form determined by the Secretary (or substitute statement that complies with applicable revenue procedures) containing all the information filed with the IRS and all the legends required by paragraph (h)(2) of this section.

(4) *Furnishing the statement with other information returns.* An interest recipient may transmit the statement required by paragraph (h)(1) of this section to the payor of record with other information, including other information returns, as permitted by applicable revenue procedures.

(5) *Time and place for furnishing the statement.* An interest recipient must furnish a statement required by paragraph (h)(1) of this section to the payor of record on or before January 31 of the year following the calendar year for which it receives the interest. The interest recipient will be considered to have furnished the statement to the payor of record if it mails the statement to the payor of record's last known address.

(i) *Applicability date.* This section applies to calendar years beginning after December 31, 2024, and before January 1, 2029.

PART 301—PROCEDURE AND ADMINISTRATION

■ **Par. 4.** The authority citation for part 301 continues to read in part as follows:

Authority: 26 U.S.C. 7805.

* * * * *

■ **Par. 5.** Section 301.6011–2 is amended by revising paragraph (b)(1) to read as follows:

§ 301.6011–2 Required use of electronic form.

* * * * *

(b) * * *

(1) If the use of Form 1042–S, Form 1094 series, Form 1095–B, Form 1095–C, Form 1097–BTC, Form 1098, Form 1098–C, Form 1098–E, Form 1098–Q, Form 1098–T, Form 1098–VLI, Form 1099 series, Form 3921, Form 3922, Form 5498 series, Form 8027, or Form W–2G is required by the applicable regulations or revenue procedures for the purpose of making an information return, the information required by the form must be submitted electronically, except as otherwise provided in paragraph (c) of this section. Returns filed electronically must be made in accordance with applicable revenue procedures, publications, forms, or instructions.

* * * * *

■ **Par. 6.** Section 301.6721–1 is amended by:

■ 1. Revising paragraphs (h)(3)(xxvi) and (xxvii);

■ 2. Adding paragraph (h)(3)(xxviii); and

■ 3. Adding paragraph (j)(2)(iii).

The additions and revision read as follows:

§ 301.6721–1 Failure to file correct information returns.

* * * * *

(h) * * *

(3) * * *

(xxvi) Section 6050Y (relating to returns relating to certain life insurance contract transactions);

(xxvii) Section 6050Z (relating to reports relating to long-term care premium statements); or

(xxviii) Section 6050AA (relating to returns relating to qualified passenger vehicle loan interest received in trade or business from individuals).

* * * * *

(j) * * *

(2) * * *

(iii) Paragraph (h)(3)(xxviii) of this section applies with respect to information returns required to be filed after December 31, 2024.

■ **Par. 7.** Section 301.6722–1 is amended by:

■ 1. Revising paragraphs (e)(2)(xxxvii) and (xxxviii);

■ 2. Adding paragraph (e)(2)(xxxix); and

■ 3. Adding paragraph (g)(2)(iii).

The additions and revision read as follows:

§ 301.6722–1 Failure to furnish correct payee statements.

* * * * *

(e) * * *

(2) * * *

(xxxvii) Section 6226(a)(2) (regarding statements relating to alternative to payment of imputed underpayment by a partnership) or under any other provision of this title 26 that provides for the application of rules similar to section 6226(a)(2);

(xxxviii) Section 6050Z (relating to reports relating to long-term care premium statements); or

(xxxix) Section 6050AA (relating to returns relating to qualified passenger vehicle loan interest received in trade or business from individuals).

* * * * *

(g) * * *

(2) * * *

(iii) Paragraph (e)(2)(xxxix) of this section applies with respect to payee statements required to be furnished after December 31, 2024, and before January 1, 2029.

Frank J. Bisignano,

Chief Executive Officer.

Approved: July 27, 2026.

Kevin M. Salinger,

Acting Assistant Secretary of the Treasury (Tax Policy).

[FR Doc. 2026–18219 Filed 9–4–26; 8:45 am]

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